

DOD TRANSITION



OASD (COMPTROLLER)

DECEMBER 1980

Resource Allocation and Management

The existing DoD system for developing total resource levels (funds and manpower) and for allocating and managing them starts in the Fall of each year with the drafting of Policy Guidance and continues through various phases for up to 10 years, until appropriated funds are fully expended. As a result, there are always several phases underway at any time.

There are a number of regularized processes dealing with individual elements of the total, such as the Defense Systems Acquisition Review Council (DSARC). The National Foreign Intelligence Guidance and programs are reviewed under supervision from the Director for Central Intelligence, but follow roughly analogous steps. These act as each situation requires, their impact on the overall process depending on the state that process is in. Input is provided from OMB, the NSC and the President.

To provide a perspective on the sequence and timing of events, the following lists the major phases of the annual cycle now just getting underway. Attachments address these in more detail:

Early 1981: Drafting, coordinating and issuing Consolidated (Policy, Program and Fiscal) Guidance (CG) to Defense Components (Military Departments and Defense Agencies).

May 1981: Submission to OSD of Program Objective Memoranda (POM's) by the Components in response to the CG.

- Jun-Jul 1981: Review of issues raised in the POM review and issuance of Program Decision Memoranda (PDM's); and after appeals, Amended PDM's (APDM's).
- August 1981: Budget Guidance (Program and Fiscal) to Defense Components based on the ADPM's and on latest economic (pricing) assumptions.
- Sep 1981: Budget submissions from Components to OSD for joint OMB/OSD review.
- Oct-Dec 1981: Budget scrub of Component proposals; issuance of budget decisions; appeals; Sec Def major issue meetings with Military Departments; Sec Def meeting with President and printing of Budget.
- Jan 1982: Press Briefing and submission of Budget and Defense Report to Congress.
- Feb-Sep 1982: Testimony before Congressional Committees, response to Hill staffs, mark-up of and Conference/passage of: 1st (in April) and 2nd (in September) Budget Resolutions; major DoD and Military Construction Authorization (May) and Appropriation (September) Bills.
- Sep 1982: Issuance of fund authorizations; development of monthly Obligation/Outlay plans; consideration of reprogramming actions among and within appropriations; reporting as required to Congress; and execution of contract and in-house programs. This period ranges from one year for Pay and Operations appropriations to five years for Shipbuilding.

The Defense Resources Board is the principal forum for airing and resolving OSD staff differences on programs and priorities from a requirements viewpoint.

The DRB is comprised of:

Chairman: Deputy Secretary of Defense

Permanent Members: USD(R&E), USD(P), ASD(C), ASD(MRA&L), ASD(PA&E)

Ex Officio: Chairman, JCS

Associate Members: ASD(C³I), ASD(ISA), ASD(HA), Advisor for NATO Affairs,
and a representative of the Director, OMB.

Associate members participate by invitation of the chairman. On occasion, representatives of the Military Services may be invited by the chairman as observers.

The Defense Systems Acquisition Review Council (DSARC) acts as the top level DoD corporate body for system acquisition, providing advice and assistance to the Secretary of Defense. The DSARC is comprised of:

Chairman: Defense Acquisition Executive - USD(R&E)

Permanent Members: USD(P)*, USD(R&E), ASD(C), ASD(MRA&L), ASD(PA&E),
Chairman, JCS*

Principal Advisors: ASD(C³I), Advisor for NATO Affairs, DUSD(R&E)AP,
and others as specified in DoDI 5000.2.

The Cost Analysis Improvement Group (CAIG), acts as the principal advisory body to the DASRC on matters related to cost.

* or a specifically designated representative.

Major issue (reclama) meetings with the Military Departments and wrap-up meetings prior to issuance of guidance, of APDM's and of Budget Decisions, or to presentations to the President are normally chaired by the Secretary. Meetings with the President tied to the cycle are normally held in June after OMB's Spring Review, and in December as the budget process concludes.

Staff Responsibilities

The ASD(Comptroller) is responsible for the design of, and the automated data base for the entire PPBS; budget justification/execution phases are also the responsibility of the Comptroller, who assigns responsibility for follow-up on and reporting required by DoD and Congressional review of Programs and Budgets.

The USD(Policy) prepares and coordinates Policy Guidance.

The ASD(PA&E) prepares and coordinates Consolidated Guidance, identifies POM issues for DRB/SecDef consideration.

The USD(R&E) and other ASD's prepare those parts of the PG and CG appropriate to their functional responsibility.

The OJCS is responsible for developing the Joint Strategic Objectives Plan (JSOP) as a statement of military requirements related to National Security Policy, and the Joint Program Assessment Memorandum (JPAM) which estimates the risks associated with SecDef guidance and component responses to guidance.

The budget "scrub" is directed by the Comptroller, with viewpoints of OSD DRB members and OMB incorporated in, passed to the Secretary or Deputy Secretary

for decision with the Decision Package Sets by which the budget is scrubbed.

Primary responsibility for legislative liaison rests with the ATSD for Legislative Affairs, with the Comptroller handling liaison with the appropriations committees.

Processes

Attached are more detailed descriptions of and a schedule for the various steps in the internal PPBS process.

Enclosures

RESOURCE ALLOCATION AND MANAGEMENT

- A. PPBS
- B. The JOINT OSD/OMB BUDGET REVIEW
- C. THE COMPTROLLER MISSION
- D. PPBS IMPROVEMENTS
- E. DRAFT DOD I 7045.7 ON PPBS
- F. POM REVIEW
- G. PRIORITIZATION DURING THE BUDGET REVIEW
- H. DSARC PROCESS
- I. SUMMARY OF THE CONGRESSIONAL BUDGET PROCESS
- J. CONGRESSIONAL ACTIONS, FY 80 & FY 81
- K. CONGRESSIONAL HEARINGS
- L. ACTIONS ON RECOMMENDATIONS IN CONGRESSIONAL COMMITTEE REPORTS AND RELATED AUTHORIZATION AND APPROPRIATION ACTS
- M. REPORTING REQUIREMENTS IN CONGRESSIONAL COMMITTEE REPORTS
- Mc. HAC SURVEYS AND INVESTIGATIONS STAFF
- N. THE PROCESS OF BUDGET EXECUTION
- O. BUDGET EXECUTION FLEXIBILITIES
- P. BACKGROUND PAPERS

SUMMARY OF THE DoD PLANNING, PROGRAMING, AND BUDGETING SYSTEM (PPBS)

The Assistant Secretary of Defense (Comptroller) is responsible for the design, installation and maintenance of PPBS (DoDD 7000.1) which includes responsibility for the establishment, improvement and maintenance of procedural guidance for PPBS (DoDI 7045.7).

The PPBS is a cyclic process containing five distinct, but interrelated, phases; planning, programing, budgeting, execution and accountability. In the first three phases prior decisions are re-examined and analyzed from the viewpoint of the force structure/national security objectives and the current environment (threat, economic, technological, and resource availability) and the decisions are either reaffirmed or modified as necessary. The cycle for a given fiscal year commences in the month of November almost two years prior to the start of that fiscal year. While the execution phase of that fiscal year might appear to be completed 35 months later, in reality obligations and expenditures against that fiscal year's program may continue, for some appropriations, for several years.

1. The Planning Phase

In the planning phase the role and posture of the United States and the DoD in the world environment are examined, with particular emphasis on Presidential policies. Some of the facets analyzed are: (a) potential and probable enemy capabilities and threat; (b) potential and probable capabilities of our Allies; (c) alternative U.S. policies and objectives in consideration of (a) and (b); (d) military strategies in support of these policies and objectives; (e) planning force levels that would achieve defense policy and strategy; and (f) planning assumptions for guidance in the following phases of PPBS.

The first step in the PPB is the preparation by JCS, and submission to the Secretary of Defense, of the Joint Strategic Planning Document (JSPD) containing independent JCS military strategy advice and recommendations to be considered in the development of the draft Consolidated Guidance (CG) and subsequent PPBS documents. It contains a concise, comprehensive military appraisal of the threat to U.S. interests and objectives worldwide; a statement of recommended military objectives derived from national objectives; and the recommended military strategy to attain national objectives. A summary of the JCS planning force levels which could successfully execute, with reasonable assurance, the approved national military strategy is included. JCS views on the attainability of the planning force in consideration of fiscal responsibility, manpower resources, material availability, technology and industrial capacity are also stated. The JSPD provides an appraisal of the capabilities and risks associated with programmed force levels, based on the planning forces considered necessary to execute the strategy, and recommends changes to the force planning and programing guidance where appropriate.

After consideration of the military advice of the JCS, as expressed in the JSPD, the next milestone is the Secretary of Defense's Consolidated Guidance (CG). A draft of the CG covering the budget and program years is issued in January to solicit the comments of the DoD Components and to provide a vehicle for an exchange of views on defense policy between the Secretary of Defense, the President, and the National Security Council. The final version of the CG, issued in March, serves as an authoritative statement of the fundamental strategy, issues, and rationale underlying the Defense Program, as seen by the leadership of the DoD. The CG, culminating the planning phase, provides definitive guidance, including fiscal constraints, for the development of the Program Objective Memorandum by the Military Departments and Defense Agencies, and continues as the primary DoD guidance until revised or modified by subsequent Secretary of Defense decisions.

2. The Programing Phase

Annually, in May, each Military Department and Defense Agency prepares and submits to the Secretary of Defense a Program Objective Memorandum. POM's are based on the strategic concepts and guidance as stated in the CG and include an assessment of the risk associated with the current and proposed forces and support programs. POMs express total program requirements for the years covered in the CG, and provide rationale for proposed changes from the approved FYDP base. Dollar totals must be within the fiscal guidance issued by the Secretary of Defense. Major issues which are required to be resolved during the year of submission must be identified. Supporting information for POMs is in accordance with the annual POM Preparation Instructions.

After the POMs are submitted, the JCS submits the Joint Program Assessment Memorandum (JPAM) for consideration in reviewing the Military Department POMs, developing Issue Papers, and drafting Program Decision Memorandums. The JPAM provides a risk assessment based on the composite of the POM force recommendations and includes the views of the Joint Chiefs of Staff on the balance and capabilities of the overall POM force and support levels to execute the approved national military strategy. Where appropriate, the Joint Chiefs of Staff recommends actions to achieve improvements in overall Defense capabilities within, to the extent feasible, alternative POM funding levels directed by the Secretary of Defense. In addition, the JPAM develops SALT-constrained forces and provides recommendations on the nuclear weapons stockpiles considered necessary to support these forces, and on the security assistance program.

The programing phase continues in accordance with the following steps:

- a. The POMs are analyzed at the OSD level and Issue Papers are generated which analyze the Service proposals in relation to (1) the Consolidated Guidance, (2) the balance between force structure, modernization, and readiness, and (3) efficiency trade-offs. Significant issues raised by the POMs which require Secretary of Defense resolution are highlighted, decision alternatives are listed, and these alternatives evaluated

as to cost and capacity to implement DoD missions. These "Issue Papers" are developed in coordination with the DoD Components to assure completeness and accuracy of the information contained therein. The views of the JCS on the risks involved in the POMs are considered during preparation of the Issue Papers.

b. Based on the Issue Papers and JCS risk assessment, the Secretary issues Program Decision Memoranda (PDM's) which are transmitted to the DoD Components for analysis and comment as appropriate.

c. Comments on the PDMs may be prepared in a manner prescribed by the submitting activity, but must present precise program impact that may be expected as a result of the decision. If comments on the PDMs express a dissenting view, any additional or clarifying information or justification must accompany the statement to allow a re-evaluation of the issue.

d. Comments submitted by the JCS address the impact on total DoD program balance. JCS provides the Secretary of Defense with an assessment of the risks involved and inherent in the PDMs and an evaluation of strategic implications.

e. Following a staff review of comments on the PDMs, meetings are held by the Secretary of Defense to discuss unresolved issues. If appropriate, Amended Program Decision Memoranda are then issued to incorporate any new decision, or to reiterate the previous decision.

3. The Budgeting Phase

With the establishment of program levels in the POM/PDM process, the budgeting phase begins with the DoD Components formulating and submitting, by September 15, detailed budget estimates for the budget year portion of the approved program. The budget estimates include the prior year, current year, and budget year (budget year plus one for authorized programs) in accordance with the Budget Guidance Manual and supplementary memoranda. Budget estimates are prepared and submitted based on the approved program as well as economic assumptions related to pay and pricing policies which are contained either in the PDMs or in separately prescribed detailed budget guidance revised and issued each year. The budget estimates are reviewed jointly by the Office of the Secretary of Defense (OSD) and the Office of Management and Budget (OMB). The entire budget is reviewed to insure the requests are properly priced; to insure production schedules are within production capacity; and to insure that the estimates are consistent with the Secretary's readiness objectives. Approval of the estimates for inclusion in the President's Budget is documented by Secretary of Defense budget decision documents. These decisions will evaluate, adjust and approve all resources in the budget request by decision units and/or packages within the appropriation and budget activity structures. The decisions will include the current year, the budget year, the authorization year (budget year + 1) and an estimate of the resource impact on the three succeeding program years consistent with the President's requirement for multi-year planning estimates.

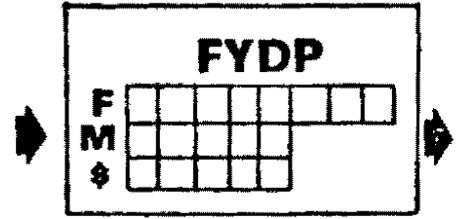
During the course of the budget review, the DoD Components have an opportunity to express an appeal position on each decision. Prior to final decisions, the Service Secretaries and Military Chiefs have the opportunity for a meeting with the Secretary of Defense to present and resolve any outstanding issues of major significance.

The Secretary then presents his budget to the President for consideration within the overall Federal requirements. Changes from that meeting are subsequently incorporated into the DoD submission and decision documentation is finalized. Following the printing process the budget is submitted to the Congress in January. The FYDP is updated to reflect the President's Budget and related resource impact in the "outyears" thereby establishing a consistent base for the ensuing decision cycle.

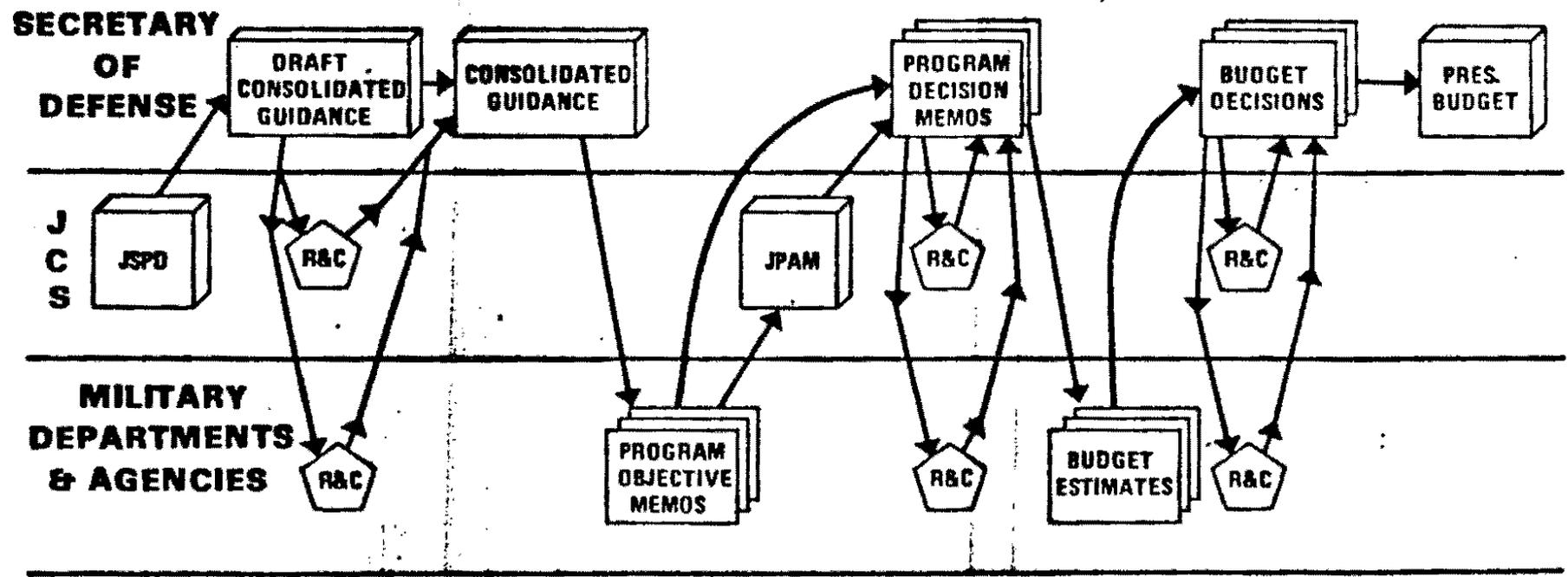
4. The Execution and Accountability Phases

The execution and accountability phases follow the submission of the budget and its enactment by the Congress. These phases are concerned with: execution of the programs approved by the Congress; the accountability and reporting of actual results for use in monitoring program execution; preparing future plans, programs, and budgets; and supplying financial status information to DoD managers.

PLANNING PROGRAMMING BUDGETING



JAN MAR MAY JUN JUL-AUG SEP OCT-DEC JAN



JSPD - JOINT STRATEGIC PLANNING DOCUMENT
JPAM - JOINT PROGRAM ASSESSMENT MEMORANDUM

R&C - REVIEW AND COMMENT

FYDP SYMBOLS
F - FORCES
M - MANPOWER
\$ - DOLLARS
□ - YEARS



THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

MEMORANDUM FOR THE SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF

SUBJECT: PPBS Schedule for the FY 83-87 Cycle

Attached is the schedule for the FY 83-87 cycle of the Planning, Programing and Budgeting System. The sequence is the same as the previous cycle but includes the JCS submission of the Joint Program Assessment Memorandum (JPAM). It also advances the entire schedule one week to allow four weeks following the APDM for preparation of the budget. The tardiness of the budget is a perennial problem we should endeavor to correct and this schedule makes a modest attempt to do so.

Thank you for your efforts during this cycle and let us continue to work together during the next cycle to use the PPB system as effectively as we can.

Enclosure

cc: Under Secretaries of Defense
Assistant Secretaries of Defense
General Counsel
Assistants to the Secretary and Deputy
Secretary of Defense
Directors, Defense Agencies

Calendar of Key PPBS Events
for
FY1983-87 Cycle

Dec 1, 1980	--	JCS submits Joint Strategic Planning Document (JSPD)
3 weeks		
Dec 22, 1980	--	Components submit written suggestions for
1 week		key Consolidated Guidance (CG) features
Dec 29, 1980	--	SecDef completes review of suggestions and JSPD
3 weeks		
Jan 19, 1981	--	OSD staff submits first draft of CG to SecDef
1 week		
Jan 26, 1981	--	SecDef completes review of first draft of CG
1 week		
Feb 2, 1981	--	Draft of CG sent to Components for comment
3 weeks		
Feb 23, 1981	--	Components send CG comments to SecDef
2 weeks		
Mar 6, 1981	--	SecDef reviews comments in a single meeting
1 week		with Military Depts., and CJCS
Mar 13, 1981	--	SecDef sends revised CG to Components
8 weeks		
May 8, 1981	--	Components submit PDMs, update FYDP and Annexes*
4 weeks		
Jun 5, 1981	--	JCS submits Joint Program Assessment Memorandum
1 week		
Jun 12, 1981	--	OSD transmits draft Issue Papers (IPs) for comment
1 week		
Jun 19, 1981	--	Components, OMB, NSC provide IP comments to SecDef.
1 week		
Jun 26, 1981	--	OSD sends revised IPs to SecDef
2 weeks		
Jul 10, 1981	--	SecDef completes review of IPs with OSD staff
1 week		
Jul 17, 1981	--	SecDef sends Program Decision Memoranda (PDMs) to Components
2 weeks		
Jul 31, 1981	--	Components send PDM comments to SecDef
1 week		
Aug 3-7, 1981	--	Military Depts. meet individually with
2 weeks		SecDef, DepSecDef and CJCS
Aug 20, 1981	--	SecDef sends Amended Program Decision Memoranda to Components
4 weeks		
Sep 15, 1981	--	Components submit budget estimates, update FYDP and Annexes

* Mar 13 - Mar 27 CG Summary drafted, sent to President

The Joint OSD/OMB Budget Review

The DoD jointly reviews the budget with the OMB staff in order to devote maximum review and analysis time here in the Department. The alternative would require earlier submission by OSD to OMB in order to provide time for independent OMB review. The current joint OSD/OMB review is unique throughout the government and has been for many years.

The Budget is due from all components of the Department of Defense (DoD) on September 15th and is accompanied by an update of the Five Year Defense Program (FYDP) and annexes. Distribution is made to the Office of Management and Budget (OMB) and all participating organizational elements of the Office of the Secretary of Defense (OSD).

Participation in the joint review is open to all elements of the DoD components and OSD staffs. Inputs from participants are solicited by each appropriation director for inclusion in the decision package sets (DPS's); the decision documents ultimately signed by the Secretary/Deputy Secretary of Defense.

In accordance with instructions, budget submissions are converted from three PDM levels into bands with continuous ordinal ranking provided throughout. The decision packages contained in these bands are consistent with those established during the POM review. In order to provide a tentative Secretary of Defense integrated ranking list to OMB by mid-October, the DRB reviews and integrates the component submissions. As a foundation for this action, the Comptroller provides a ranking summary and a narrative description of each decision package as soon as possible after the budget submissions are received. A date for the DRB meeting is announced subsequently.

As a parallel action, the budget scrub proceeds immediately upon receipt of the budget submissions. Since the program has been set in place, the budget is scrubbed thoroughly at all levels to consider matters of pricing, executability, efficiencies, etc. The Comptroller's Decision Package Sets (DPS's) are the vehicle for the budget scrub.

Oftentimes as DPS's are drafted, copies are "floated" for input from participants. Once the DPS takes final form it begins a formal coordination process. Coordination should be obtained from the interested Assistant Secretary/Principal Deputy Assistant Secretary level. All notes, memoranda, letters, or other pertinent appendages become a permanent part of the decision document and are retained in the documentation files. These documents are "close hold" in their "raw" signature form. The document, once coordinated with other OSD staff elements, is processed through the Deputy Assistant Secretary (Program/Budget), a representative of OMB, the Principal Deputy Assistant Secretary (Comptroller) and the Assistant Secretary (Comptroller), to the Secretary/Deputy Secretary of Defense. Subsequent to signature, the decision document is printed and distributed throughout the Department and OMB. In order to protect the confidential nature of DRB and OSD staff coordinations and positions, the document which is printed and distributed consists of only the decision document. This is essential to encourage open debate of issues and objective advice to the Secretary.

As the Secretary/Deputy Secretary approves and returns DPS's, they are translated into the Automated Budget Review System to reflect increases and decreases to the submissions. Periodic status reports are provided to the Secretary/Deputy Secretary as well as the OSD managers and staff and the submitting components. Status is in terms of Total Obligational Authority (TOA), the total cost of a program without regard to year or source of funding; Budget Authority (BA), essentially appropriations requested from the Congress; and Outlays, the net of gross disbursements and collections from customers. These are the three basic measures used throughout the budget community. For comparative purposes, dollar values are inflated and/or deflated to reflect constancy in order to measure year-to-year "real growth" as distinct from inflationary increases.

The status reporting is as frequent as management requires and is structured in hierarchial order relative to level of detail.

While the review is progressing, the Defense Resources Board (DRB) meets periodically to consider the relative ranking priorities of approximately \$20-25 billion of programs ranked by the submitting components. The DRB first integrates the original component rankings by reviewing and approving OSD staff prepared priority ranking proposals (PRP's). Those PRP's not approved by the DRB are discarded. The DRB then meets with the Secretary who approves/disapproves the DRB re-ranking proposals. Subsequent iterations are sometimes appropriate. At the point when the Secretary begins meeting with the President on the overall budget levels, the Secretary oftentimes makes changes to the ranking to insure that the highest priority programs are included within the approved funding level. All such approved ranking changes are reflected daily in the automated system so the budget status reporting is current for both DPS changes and ranking changes.

As the process nears completion, various management summaries are available providing TOA, BA and Outlays in both current and constant budget year dollars. The level of real growth is identified and often debated as are the inflation and pay raise assumptions contained in the budget estimates.

Recognizing that last minute changes are disruptive and sometimes error prone, the Department makes the best advantage of time available to continue the review and decision process. However, once OMB has the budget in print, the word is passed that the budget is locked and changes are no longer permitted.

Attention and staff efforts are then directed to preparing information to release to the Press during the DoD Budget Press Briefing; congressional justifications, the Secretary's posture statement, and other related requirements. The FYDP and annexes are updated to reflect all applicable budget decisions and automated data bases and hard copy justification exhibits in support of the budget are provided to the congressional oversight committees. Reprograming requests which have been reflected in the budget are prepared, staffed and submitted to the applicable committees for approval. Accounting records are adjusted as applicable to be consistent with resources reflected in the current year column of the budget. A series of budget hearings and reprograming hearings dominate subsequent months necessitating a great expenditure of management time appearing before the applicable oversight committees.



COMPTROLLER

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

18 SEP 1980

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: FY 1982-1986 budget work schedule and budget printing dates

The enclosed schedule is forwarded for your information and action as appropriate. I know that the appropriate sense of urgency prevails within your organization as it does in mine. Please make this schedule available to all personnel within your organization who may be involved in the formulation of the FY 1982-1986 budget.

We intend to work again this year toward making the job as easy and painless as possible within the constraints that exist.

A handwritten signature in cursive script that reads "Jack R. Borsting".

Jack R. Borsting
Assistant Secretary of Defense

Enclosure

FY 1982-1986 Budget Process Planning Dates

1. Receive Component Submits Sept. 15, 80
2. Begin budget hearings Sept. 17, 80
3. Submit to OMB current services/top line projections Sept. 25, 80
4. Begin update of FYDP Annexes with Service Submissions Sept. 22, 80
5. Begin update of FYDP with Service Submissions Sept. 29, 80
6. DRB receive Ranking Summaries containing service/agency ordinal prioritization to begin familiarization of content Early Oct.
7. DRB, OMB and Services receive Integrated Ranking Summaries reflecting tri-service integrating, compliance corrections and interleaving Oct. 9, 80
8. Process decision package sets: First to SecDef Oct. 10, 80
Final to SecDef Nov. 14, 80
9. Deadline for ranking proposals from DRB members to to OASD(PA&E) Oct. 17, 80
10. OASD(PA&E) sends PCPs and summaries to DRB principals Oct. 23, 80
11. DRB meeting Oct. 28, 80
12. DRB Chairman sends two-part decision memo to Secretary Oct. 31, 80
13. DPS coordination forwarded to OASD(C) within 1 day Nov. 3, 80
14. Reclamas due on DPSs received by components:
Submitted to OASD(C) within 3 days Nov. 3, 80
Submitted to OASD(C) within 2 days Nov. 10, 80
Submitted to OASD(C) within 24 hours Nov. 17, 80
15. DRB meeting with Secretary to obtain decision on two-part memo Nov. 5, 80
16. Secretary, DRB and Services receive reprioritization Ranking Summaries Nov. 7, 80
17. DRB meeting with Secretary for fine-tuning of Ranking Summaries Nov. 12, 80
18. Secretary, DRB and Services receive fine-tuned Ranking Summaries Nov. 14, 80

19. Outlay forecast for OMB (FY 81-82) Nov. 12, 80
20. Special Budget update for prior year (\$) Nov. 13, 80
21. Secretary's meetings with Services on prioritization Nov. 19-20, 80
22. Wrap-up meeting with Secretary Nov. 21, 80
23. Ranking to DRB and Services; to OMB for Director's meeting with President Nov. 25, 80
24. Special Budget update for prior year (manpower) Nov. 26, 80
25. Director of OMB meeting with the President Week of Dec. 1, 80
26. Deadline for reprinted galley to OMB Dec. 8, 80
27. DRB meeting with Secretary for fine tuning prioritization Dec. 10, 80
28. Secretary of Defense meeting with the President Dec. 12, 80
29. Receipt of last \$ galley proof from the OMB Dec. 13, 80
30. Deadline for return of marked-up \$ galley proof to OMB Dec. 17, 80
31. DoD components submit summary update of FYDP Dec. 19, 80
32. Update FYDP and annexes by program element/line item Jan. 5, 81
33. Budget released to press Jan. 16, 81
34. Delivery of budget to Congress Jan. 19, 81

Office of the Assistant Secretary of Defense
(Comptroller)

Mission

Title 10, United States Code, Section 136 specifies the Comptroller's responsibilities as follows:

*S 136. Assistant Secretaries of Defense: appointment; powers and duties; precedence

(a) There are seven Assistant Secretaries of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate.

(b) The Assistant Secretaries shall perform such duties and exercise such powers as the Secretary of Defense may prescribe. One of the Assistant Secretaries shall be the Assistant Secretary of Defense for Health Affairs. He shall have as his principal duty the overall supervision of health affairs of the Department of Defense. One of the Assistant Secretaries shall be the Assistant Secretary of Defense for Manpower and Reserve Affairs. He shall have as his principal duty the overall supervision of manpower and reserve component affairs of the Department of Defense. In addition, one of the Assistant Secretaries shall be the Comptroller of the Department of Defense and shall, subject to the authority, direction, and control of the Secretary--

(1) advise and assist the Secretary in performing such budgetary and fiscal functions and duties, and in exercising such budgetary and fiscal powers, as are needed to carry out the powers of the Secretary;

(2) supervise and direct the preparation of budget estimates of the Department of Defense;

(3) establish and supervise the execution of principles, policies, and procedures to be followed in connection with organization and administrative matters relating to --

(A) the preparation and execution of budgets;

(B) fiscal, cost, operating, and capital property accounting;

(C) progress and statistical reporting; and

(D) internal audit;

(4) establish and supervise the execution of policies and procedures relating to the expenditure and collection of funds administered by the Department of Defense; and

(5) establish uniform terminologies, classifications, and procedures concerning matters covered by clauses (1) - (4).

(c) Except as otherwise specifically provided by law, an Assistant Secretary may not issue an order to a military department unless --

(1) the Secretary of Defense has specifically delegated that authority to him in writing; and

(2) the order is issued through the Secretary of the military department concerned, or his designee....."

These responsibilities are expanded upon in the ASD(C) charter published in DoD Directive 5118.3 of July 11, 1972. It provides:

"The Assistant Secretary of Defense (Comptroller) is the principal staff assistant to the Secretary of Defense for programming, budgeting, auditing, and fiscal functions; for all matters pertaining to organization, management, and administration. He shall provide staff supervision for the Defense Contract Audit Agency and the Defense Audit Agency. In addition, he shall:

A. Provide for the design and installation of resource management systems throughout DoD.

B. Collect, analyze, and report resource management information for the Secretary of Defense and as required for the Office of Management and Budget, the Congress, the General Accounting Office, and other agencies outside of the DoD."

The directive itemizes specific functions, relationships and authorities pertinent to the Comptroller and it includes a listing of the numerous authorities which the Secretary of defense has formally delegated to the Comptroller.



July 11, 1972
NUMBER 5118.3

ASD(C)

Department of Defense Directive

SUBJECT Assistant Secretary of Defense (Comptroller)

- Refs.:**
- (a) DoD Directive 5118.3, subject as above, January 24, 1966 (hereby cancelled)
 - (b) DoD Directive 5110.1, "Assistant Secretary of Defense (Administration)," July 11, 1964 (hereby cancelled)

I. GENERAL

Pursuant to the authority vested in the Secretary of Defense, and the provisions of Title 10, United States Code, Section 136(b), one of the Assistant Secretary positions authorized by law is designated Assistant Secretary of Defense (Comptroller) with responsibilities, functions and authorities as prescribed herein. The Assistant Secretary of Defense (Comptroller) shall be the Comptroller of the Department of Defense.

II. RESPONSIBILITIES

The Assistant Secretary of Defense (Comptroller) is the principal staff assistant to the Secretary of Defense for programming, budgeting, auditing, and fiscal functions; for all matters pertaining to organization, management and administration; and for DoD investigative and security policies. He shall provide staff supervision for the Defense Contract Audit Agency, Defense Mapping Agency and the Defense Investigative Service. In addition, he shall:

- A. Provide for the design and installation of resource management systems throughout the DoD.

- B. Collect, analyze, and report resource management information for the Secretary of Defense and as required for the Office of Management and Budget, the Congress, the General Accounting Office, and other agencies outside of the DoD.

III. FUNCTIONS

Under the direction, authority, and control of the Secretary of Defense, the Assistant Secretary of Defense (Comptroller) shall:

- A. Coordinate and control the programming process.
- B. Supervise, direct, and review the preparation and execution of the DoD budget.
- C. Establish policies and procedures for:
 - 1. Expenditure and collection of funds administered by the DoD and related fiscal accounting systems.
 - 2. International financial matters.
 - 3. Control of prices for transactions involving the exchange of goods and services by DoD Components.
 - 4. Contract audit and internal audit.
 - 5. Terminologies, classifications, and procedures relating to programming, budgeting, funding, accounting, reporting, auditing, economic analysis, program evaluation, output measurement, and resource management.
 - 6. Management of DoD automatic data systems.
 - 7. Management and control of DoD information requirements.
- D. Conduct:
 - 1. Audit functions and services for the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, and other DoD Components, as assigned.

2. DoD-wide audits of the Military Assistance Program and other selected areas and functions.
 3. Special audits or audit surveys of selected areas within the DoD as requested or as deemed appropriate.
- E. Serve as DoD liaison with the General Accounting Office and process GAO or other external audit reports and assure appropriate corrective actions.
- F. Provide the Office of the Secretary of Defense with:
1. An Automatic Data Processing capability.
 2. A Central Data Service to accumulate data, provide reports and related analyses and evaluations.
- G. Establish policies, plans, and programs for physical, investigative, industrial, and personnel security matters.
- H. Serve as Chairman of the Defense Investigative Review Council.
- I. Direct and administer the DoD Information Security Program.
- J. Oversee the administration of and provide overall policy guidance for the DoD Industrial Personnel Security Clearance Program.
- K. Act for the Secretary of Defense as United States Security Authority for NATO, SEATO, and CENTO, and as the National Security Authority for security agreements.
- L. Conduct research, develop plans, and recommend organizational structures and management practices that will achieve efficient and economical operation.
- M. Review and validate organizational arrangements and manning levels of offices within the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff and the Defense Agencies.

- N. Provide administrative support for the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff and other organizations as assigned.
- O. Act as Department of Defense coordinator in all matters relating to the improvement of Federal-State relations.
- P. Represent the Secretary of Defense in providing for continuity of Government, military participation in civil and domestic emergencies, and related emergency planning, and coordinate emergency planning within the DoD.
- Q. Establish policy for and supervise DoD audio-visual activities.
- R. Insure that all matters presented to the Secretary of Defense for signature reflect established Presidential and DoD policies and are consistent with interdepartmental and interagency agreements.
- S. Provide policy, guidance, coordination, and supervision for the operation of administrative facilities and services common to all Defense activities at the Seat of Government.
- T. Establish standards and provide policy guidance, coordination, and evaluation of the operation of administrative facilities and services in support of DoD Components as necessary.
- U. Establish, control, and manage the DoD Directive System.
- V. Prepare, maintain and coordinate historical records and reports for the Office of the Secretary of Defense.
- W. Process requests to the Secretary of Defense for Special Air Mission transportation other than for Congressional travel.
- X. Perform such other functions as the Secretary of Defense assigns.

IV. RELATIONSHIPS

- A. In the performance of his functions, the Assistant Secretary of Defense (Comptroller) shall:
1. Coordinate actions, as appropriate, with DoD Components having collateral or related functions in the field of his assigned responsibility.
 2. Maintain active liaison for the exchange of information and advice with other DoD Components, as appropriate.
 3. Make full use of established facilities in the Office of the Secretary of Defense and other DoD Components rather than unnecessarily duplicating such facilities.
- B. The heads of all DoD Components and their staffs shall cooperate fully with the Assistant Secretary of Defense (Comptroller) and his staff in a continuous effort to achieve efficient administration of the DoD, and to carry out effectively the direction, authority, and control of the Secretary of Defense.
- C. The channel of communication with Unified and Specified Commands on matters relating to audit shall be directly between those Commands and the Secretary of Defense. The Assistant Secretary of Defense (Comptroller) is assigned staff responsibility for such matters, and he is authorized to communicate directly in regard to them with Commanders of Unified and Specified Commands. All directives and communications of the Assistant Secretary of Defense (Comptroller) to such Commands which pertain to audit shall be coordinated with the Joint Chiefs of Staff.
- D. DoD Components are defined for the purpose of this Directive to be: the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Military Departments, Defense Agencies and the Unified and Specified Commands.

V. AUTHORITIES

- A. The Assistant Secretary of Defense (Comptroller), in the course of exercising full staff functions and those assigned by Title 10, U.S.C., Section 136(b), is hereby specifically delegated authority to:
1. Issue instructions and one-time directive-type memorandums, in writing, appropriate to carrying out policies approved by the Secretary of Defense for his assigned areas of responsibility. Instructions to the Military Departments will be issued through the Secretaries of those Departments or their designees.
 2. Obtain such reports, information and assistance from DoD Components as may be necessary to the performance of his assigned functions.
 3. Issue policies and instructions which establish procedures for the review and approval of reporting requirements and forms which the Office of the Secretary of Defense or the Defense Agencies propose to place on any Component of the DoD and to designate those requirements which are prescribed by the Office of the Secretary of Defense. Review, and when appropriate, transmit to the Office of Management and Budget those reporting requirements which any Component of the DoD proposes to place upon the public, including Defense contractors.
 4. Request the prompt initiation of reviews by DoD Components of organization and management practices.
 5. Communicate directly with heads of DoD Components.
 6. Exercise such authority vested in the Secretary of Defense as may be required in the administration of DoD security programs.
- B. Specific delegations to the Assistant Secretary of Defense (Comptroller) are in Enclosure 1 to this Directive.

July 11 72
5118.3

VI. CANCELLATION

References (a) and (b) are hereby cancelled.

VII. EFFECTIVE DATE

This Directive is effective immediately.

Kenneth Rush

Enclosure - 1

1. Delegations of Authority

July 11, 72

DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, the Assistant Secretary of Defense (Comptroller) is hereby delegated, subject to the direction, authority and control of the Secretary of Defense, authority to:

1. Direct and control the Defense Data Elements and Data Codes Standardization Program and monitor application by Department of Defense Components, as prescribed in Department of Defense Directive 5000.11.
2. Supervise the operation of the Military Pay and Allowance Committee as prescribed in Department of Defense Directive 5154.13.
3. Establish and supervise the execution of principles, policies and procedures to be followed in connection with organizational and administrative matters relating to internal and contract audit in the Department of Defense, as prescribed in Department of Defense Directive 7600.2, and under the authority of 10 U.S.C. 136(b).
4. Approve requests to hold cash at personal risk for authorized purposes and to redelegate such authority as deemed appropriate in the administration and control of DoD funds, subject to provisions of Treasury Department Circular No. 1030, "Regulation Relating to Cash Held at Personal Risk Including Imprest Funds by Disbursing Officers and Cashiers of the United States Government", as amended, and under the authority of 10 U.S.C. 136(b).
5. Approve the establishment of accounts for the individual operations financed by management funds and to issue regulations for the administration of accounts thus established pursuant to the authority of 10 U.S.C. 2209.
6. Exercise the powers vested in the Secretary of Defense pertaining to the employment and general administration of civilian personnel (5 U.S.C. 301, 302(b), and 3101).
7. Fix rates of pay for wage board employees exempted from the Classification Act by 5 U.S.C. 5102(c)(7) on the basis of rates established under the Coordinated Federal Wage System, in accordance with the

Federal Personnel Manual, Supplement 532-1, U.S. Civil Service Commission, "Coordinated Federal Wage System", as amended. The Assistant Secretary of Defense (Comptroller), in fixing such rates, shall follow the wage schedules established by the Department of Defense Wage Fixing Authority.

8. Administer oaths of office incident to entrance into the Executive Branch of the Federal Government, or any other oath required by law in connection with employment therein, in accordance with the provisions of 5 U.S.C. 2903(b).

9. (a) Authorize, in case of an emergency, the appointment of an employee of the Office of the Secretary of Defense or of a Defense Agency to a sensitive position for a limited period, for whom a full field investigation has not been completed, in accordance with Executive Order 10450, as amended; and

(b) authorize the suspension of an employee in the interest of the national security in accordance with the provisions of 5 U.S.C. 7532.

10. Approve, as the designee of the Secretary of Defense, the establishment or continuation of advisory committees and the employment of part-time advisers as consultants or experts by any Component of the Department of Defense whenever the approval of the Secretary of Defense is required by law, Civil Service Commission regulation, or DoD issuance, and pursuant to the provisions of 5 U.S.C. 3109(b), 10 U.S.C. 173, and the Agreement between the Department of Defense and the Civil Service Commission on Employment of Experts and Consultants.

11. Enter into contracts for supplies, equipment, personnel and services and provide for contract administration required for assigned activities and, subject to the limitation contained in 10 U.S.C. 2311, make the necessary determinations and findings as required.

12. Purchase or requisition through a Military Department, Defense Agency, or other Government department or agency, or directly, equipment and supplies (5 U.S.C. 301).

13. Establish and use Imprest Funds for making small purchases of material and services, other than personal, when it is determined more advantageous and consistent with the best interests of the Government,

July 11, 72

in accordance with the provisions of DoD Directive 5100.25 and DoD Instruction 7280.1, as revised.

14. Approve contractual instruments for commercial-type concessions at the Seat of Government, and maintain general supervision over commercial-type concessions operated by or through the Department of Defense at the Seat of Government, DoD Directive 5120.18.

15. Act as agent for the collection and payment of employment taxes imposed by Chapter 21 of the Internal Revenue Code of 1954, and, as such agent, make all determinations and certifications required or provided for under Section 3122 of the Internal Revenue Code of 1954 (26 U.S.C. 3122), and Section 205(p)(1) and (2) of the Social Security Act, as amended (42 U.S.C. 405(p)(1) and (2)).

16. Act as custodian of the seal of the Department of Defense and attest to the authenticity of official records of the Department of Defense under said seal (10 U.S.C. 132).

17. Act for the Secretary of Defense before the Joint Committee on Printing, the Public Printer, and the Director of the Office of Management and Budget on all matters pertaining to printing, binding and publications requirements (chapter 11 of title 44, United States Code).

18. Authorize the publication of advertisements, notices or proposals, as required (44 U.S.C. 3702).

19. (a) Establish and maintain appropriate property accounts for OSD and organizations assigned thereto for administrative support (10 U.S.C. 136(b)).

(b) Appoint boards of survey, approve reports of survey, relieve personal liability, and drop accountability for property contained in authorized property accounts that have been lost, damaged, stolen, destroyed, or otherwise rendered unserviceable, in accordance with applicable laws and regulations (10 U.S.C. 136(b)).

20. Establish and administer an active and continuing Records Management Program for the Department of Defense, pursuant to the provisions of 44 U.S.C. 3102.

July 11, 72

21. Clear personnel for access to Top Secret, Secret and Confidential material and information, in accordance with the provisions of Department of Defense Directive 5210.8, as revised, subject: "Policy on Investigation and Clearance of Department of Defense Personnel for Access to Classified Defense Information," and of Executive Order 11652.

22. Authorize and approve overtime work for civilian officers and employees in accordance with the provisions of Section 550.111 of the Federal Personnel Manual, Supplement 990-1 (Book III), U.S. Civil Service Commission, "Civil Service Laws, Executive Orders, Rules and Regulations", as amended.

23. Authorize and approve:

(a) Travel for civilian officers and employees in accordance with the Joint Travel Regulations, Vol. 2, DoD Civilian Personnel, as amended;

(b) Temporary duty travel for military personnel in accordance with the Joint Travel Regulations, Vol. 1, Members of the Uniformed Services, as amended;

(c) Invitational travel to persons serving without compensation whose consultive, advisory or highly specialized technical services are required, pursuant to the provisions of 5 U.S.C. 5703.

24. Approve the expenditure of funds for travel incident to attendance at meetings of technical, scientific, professional or other similar organizations in such instances where the approval of the Secretary of Defense is required by law (5 U.S.C. 4110 and 4111, and 37 U.S.C. 412).

25. Pay cash awards to, and incur necessary expenses for, the honorary recognition of civilian employees of the Government in accordance with the provisions of 5 U.S.C. 4503.

26. Supervise and administer the affairs of welfare and recreation activities (5 U.S.C. 301).

27. Enter into support and service agreements with the Military Departments, other DoD agencies, or other Government agencies, as required (5 U.S.C. 301).

The authorities vested in the delegate named herein may be redelegated by him, as appropriate.

PLANNING, PROGRAMMING, AND BUDGETING SYSTEM IMPROVEMENTS

The Secretary of Defense, in October 1977, directed that the Defense Department Planning, Programming and Budgeting System (PPBS) be revised to achieve five objectives:

1. To provide an opportunity for early Presidential participation in the process;
2. To permit the Secretary of Defense and the President, based on the advice of all appropriate offices and organizations in the Department of Defense, to play an active role in shaping the defense program;
3. To create a stronger link between planning and programmatic guidance and fiscal guidance;
4. To develop, through discussion, a sound and comprehensive rationale for the program, and
5. To ensure the program is based on sound analysis and contributions for all relevant offices.

The revised system was designed to provide a more coherent basis for guiding the Military Departments in the preparation of their specific program recommendations. It consolidated and reduced to one what in prior years had been three separate forms of guidance from the Secretary of Defense: the Defense Guidance, the Planning and Program Guidance, and the Fiscal Guidance. The revised consolidated guidance was to incorporate an analysis of the rationale for each aspect of the Secretary's guidance to the Services and of the overall defense program.

The Joint Chiefs of Staff and the Military Departments actively participated in the process--from the initial planning to the development of the defense budget to be submitted to the President. The Joint Chiefs of Staff also have modified their system for providing advice and recommendations to the Secretary of Defense in accordance with the opportunities for participation provided by the revised PPBS.

In addition to their participation in the PPBS, the Joint Chiefs of Staff advise the President, the National Security Council, and the Secretary of Defense on a wide range of national security matters. They also are statutory members of the Armed Forces Policy Council.

JCS, Departments Role

The role of the Joint Chiefs of Staff and the Military Departments in the process included the submission of the JCS Joint Strategic Objectives Plan, pre-draft consultation sessions with the Secretary of Defense, informal comment and review during the drafting process, extensive review and comment (written and face-to-face) on the preliminary draft, review and comment on a subsequent draft, and participation in the presentation of the proposals to the President.

In May 1977, the Joint Chiefs of Staff submitted to the Secretary of Defense the Joint Strategic Objectives Plan, Volume 1 (JSOP I). As in past years, this document included a statement of broad defense objectives, a discussion of the military threat facing the United States, general recommendations concerning strategy and force planning, and a discussion of areas of significant risk. In January 1978, the Joint Chiefs of Staff submitted JSOP II, which included, inter alia, the major force recommendations of the Joint Chiefs of Staff, a comparison of these recommendations with currently programmed forces, and an appraisal of programmed forces. Although JSOP I was submitted and JSOP II was substantially prepared before the revisions in PPBS, these documents provided the Secretary of Defense and the President with the basic views of the Joint Chiefs of Staff on military strategy and force requirements. In light of the changes in the PPBS, additional procedures were adopted to supplement the joint planning process so that the Secretary could, in the revised PPBS, more easily receive the full benefit of the advice, recommendations, and expert capability of the Joint Chiefs of Staff.

In the past, Secretarial guidance had developed in three parts and the JSOP documents were tailored to those parts. JSOP I was prepared prior to the Defense Guidance and assisted the Secretary in making the determinations of policy, strategy, and force planning that were included in the Defense Guidance. The JSOP II provided the Secretary with the JCS views on what should be included in the Planning and Programming Guidance and the Fiscal Guidance. Under the revised system, Secretarial guidance was combined into one document that also included the rationale on which the defense program would be based.

PPBS Modifications

When the modifications of the PPBS were first contemplated in the fall of 1977, the Joint Chiefs of Staff and the Secretaries of the Military Departments were asked for their comments, suggestions, and recommendations. After these recommendations and other comments on the PPBS proposal had been submitted, the Secretary of Defense agreed that it was important that the initial step in the annual process should be the responsibility of the Joint Chiefs of Staff and the Military Departments, and that they should have full opportunity to participate in the process throughout. In a memorandum dated Oct. 26, 1977, addressed to the Chairman of the Joint Chiefs of Staff and the Secretaries of the Military Departments, the Secretary of Defense established a procedure for consultative meetings "to give the Services, individually and collectively, an opportunity to give advice, make recommendations, and offer substantive input." The Secretary's memorandum continued:

"Though the revised PPBS is designed to afford the opportunity at several stages, I deem it important that one such opportunity be prior to the first draft of the document. The last thing I want to do is inhibit your initiative or innovation. I envision these meetings as an opportunity for you to present your proposals with respect to the CG and that a dialogue about them will ensue between the Services and the Secretary of Defense."

Those meetings took place in November. Each was attended by the Chairman of the Joint Chiefs of Staff or the Chairman's personal representative. The Secretary of Defense first held three lengthy meetings with, respectively, the Secretary of the Army and Chief of Staff of the Army; the Secretary of the Navy, Chief of Naval Operations and Commandant of the Marine Corps; and the Secretary of the Air Force and Chief of Staff of the Air Force; and staff members they designated to accompany them. A fourth, "wrap-up," meeting was then held with all three Secretaries of the Military Departments, the Chairman of the JCS, and the members of the Joint Chiefs of Staff. At these meetings the Chairman and members of the Joint Chiefs of Staff and the Secretaries of the Military Departments were able to provide directly to the Secretary of Defense prior to the drafting of any guidance, their advice, recommendations and comments.

Follow-Up Memoranda

After the meetings, the Army, Navy, and the Joint Chiefs of Staff sent follow-up memoranda to the Secretary of Defense emphasizing the points they considered most important and setting out the areas they believed required special attention. Other memoranda, concerning both the form and the content of the Secretary's guidance, followed.

The preliminary draft of the Secretary's guidance was shaped by the comments of the participants in the initial meetings, the follow-up memoranda, the directions of the Secretary of Defense, and informal comments and advice provided by the JCS and the Services during the drafting process.

The draft that was produced was "preliminary". It was not to have any effect until there had been a complete review and opportunities for comment by the JCS and the Services. It was circulated to the Joint Chiefs of Staff and to the Military Departments for comment in January 1978.

The review and comment period for the Joint Chiefs of Staff and the Military Departments covered four weeks. It was a working document, subject to change, to serve as a focus for debate and discussion. It was designed to provide a document to cover matters raised in the pre-draft meetings and memoranda, and a vehicle for discussion and addition to other considerations not covered in the initial discussions. The integration of matters previously contained in the Defense, Planning and Programming, and Fiscal Guidance documents and the requirement that the rationale for the defense program be subjected to increased analytical rigor demanded a careful consideration by the Joint Chiefs of Staff and the Services. It also provided the Joint Chiefs of Staff and the Military Departments with an opportunity to challenge the premises, reasoning and conclusions of the proposed guidance. If the rationale in the preliminary draft were faulty, the Joint Chiefs of Staff and the Service could focus on weak points in the rationale and suggest alternative guidance with better justification.

As indicated by the Secretary in the memorandum that accompanied the draft for comment and review:

"I want to use the Consolidated Guidance not merely to advise you in the preparation of your POMs (Program Objective Memoranda), but also as a vehicle for debate and dialog over the rationale it contains"

Detailed Comments

The Joint Chiefs of Staff and the Secretaries of the Military Departments submitted detailed comments on the draft. In addition, the Joint Chiefs of Staff provided a strategy section for inclusion, and substantial and useful recommendations on the strategic aspects of the guidance.

The written comments on the draft, the views expressed at the follow-up meetings and the guidance of the Secretary of Defense provided the basis for the next draft, which required development of a justification for all changes made, and a justification of changes that were recommended but not made. The redraft and justifications were then presented to the Secretary for decision and, based on his decisions, a revised draft was completed.

The revised draft was again circulated to the Chairman and members of the Joint Chiefs of Staff and to the Secretaries of the Army, Navy, and Air Force for their personal comment and review. Their comments went directly to the Secretary and Deputy Secretary of Defense for their personal review. As a result of those comments, further changes were made. The draft was then sent to the White House. In May 1978, to assist him in his review, the President met with the Secretary of Defense and the Joint Chiefs of Staff. Following that meeting, the President held further discussions with the Secretary of Defense and the JCS Chairman.

The remainder of the planning, programming and budgeting system followed the basic pattern of prior years. After receiving the draft guidance the Military Departments prepared and submitted their Program Objective Memoranda.

The retention of the above feature of the former PPBS reflects the degree to which the revised PPBS preserved the initiative of the Departments of the Army, Navy, and Air Force. Under the system instituted in the early 1960s, the programming initiative resided in the Office of the Secretary of Defense through Draft Presidential Memoranda (DPMs). These stipulated procurement, force structure and costing in detail. The Military Departments were given an opportunity to comment, but once the DPMs were settled, the Services went directly to the preparation of their detailed budgets. Under the current system, the initial formulation of the defense program continued--as in the past nine years--to be the responsibility of the Military Departments and not of the Office of the Secretary of Defense. Thus, the revised system provided an opportunity for participation of the military professionals in the development of the Secretarial guidance and retained for the Military Departments their basic programming initiative.

The PPBS also was structured to preserve the important role of the Joint Chiefs of Staff in the evaluation of program objectives. In prior years, the JCS had prepared and submitted to the Secretary a Joint Forces Memorandum (JFM) at the time that the POMs were prepared and submitted. The JFM

identified important program objectives and provided an assessment of the risk, in terms of defense strategy, incurred by adopting, or not adopting, certain program objectives. Under the revised PPBS, the Joint Chiefs of Staff have replaced the JFM with a Joint Program Assessment Memorandum (JPAM), which is provided to the Secretary after the POMs are submitted. The JPAM provides JCS advice to the Secretary for his review of the Service POMs, development of Issue Papers, and decisions on specific Service programs. It includes a risk assessment based on an overview of the national military strategy and the force structure recommended in the POMs, as well as recommendations for improvements in the overall defense program through selection of certain programs at alternative POM levels. The JPAM therefore provides the Secretary with more valuable assistance in his consideration of the programs of all three Services. The first JPAM was submitted as part of the present PPBS cycle.

Issue Papers

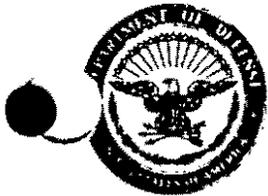
After the submission of the POMs, the staff of the Secretary of Defense drafted issue papers which were sent for review and comment to the Joint Chiefs of Staff, the Military Departments, the Office of Management and Budget, and National Security Council. The issue papers then were revised in response to the comments and provided to the Secretary of Defense. Based on the advice provided in the JPAM, his review of the POMs, and the issue papers, the Secretary made the basic program decisions that were then incorporated in the Program Decision Memoranda (PDMs). The PDMs were sent to the Joint Chiefs of Staff and the Military Departments for review and comment. Major comments--at the selection of the members of the Joint Chiefs of Staff and the Secretaries of the Military Departments--became the subject of a series of reclama meetings attended by the Secretary and Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff and representatives of the Services. As a result of the written comments and the reclama meetings, the PDMs were modified and issued as Amended Program Decision Memoranda (APDM).

The drafting of the APDMs marked the second point of Presidential involvement in the system. At that point, the Secretary of Defense with the personal assistance of the Chairman of the Joint Chiefs of Staff prepared a status report for the President describing the major features of the Service POM submissions, the major issues that had been raised and their disposition, and an evaluation of the differences among the defense programs available over a range of funding profiles. The status report was submitted to the President for review and guidance. The ADMs were sent to the Military Departments as the basis for the budget proposals that they are now preparing.

After the pre-draft meetings in November 1977, the Joint Chiefs of Staff initiated an evaluation of their role in the revised PPBS and decided to modify the basic documents through which they provided their formal input to the system. This led to several changes made at JCS suggestion. The first of these changes was the replacement of the JFM with the JPAM. This was accomplished in the first cycle of the revised PPBS, as discussed above.

Second Modification

The second modification involved a restructuring of the JSOP documents. To replace the JSOP I and II, the JCS created a Joint Strategic Planning Document (JSPD) to be submitted 60 days in advance of the preliminary draft guidance. The JSPD contains a comprehensive appraisal of the military threat to the United States, a statement of recommended military objectives, recommended military strategy to attain the objectives, and a summary of the JCS planning force levels that could execute, with reasonable assurance, the military strategy. It also will include the JCS views on the attainability of the recommended force levels within fiscal constraints, manpower resources, material availability, technology, and industrial capacity. It will incorporate an initial appraisal of the risk associated with programmed force levels and recommendations for changes in the prior Consolidated Guidance. Thus the JSPD will provide comprehensive recommendations by the Joint Chiefs of Staff tailored to the integrated approach of the revised defense planning, programming, and budgeting system.



Department of Defense Instruction ASD(C)

SUBJECT: The Planning, Programing, and Budgeting System (PPBS)

- References:
- (a) DoD Directive 7000.1, "Resource Management Systems of the Department of Defense," August 22, 1966 (as amended)
 - (b) DoD Instruction 7045.7, "The Planning, Programming and Budgeting System," October 29, 1969 (hereby cancelled).
 - (c) DoD Handbook 7045.7-H, "FYDP Codes and Definitions Handbook"
 - (d) through (h), see Enclosure 1

A. PURPOSE

This Instruction establishes procedural guidance in support of reference (a) for: (a) submission, analysis, review, and approval of new and revised Department of Defense programs and budgets; (b) the processing and approval of resource changes to the Five Year Defense Program (FYDP); (c) the maintenance and updating of the FYDP structure; and (d) the maintenance and publication of the FYDP Codes and Definitions Handbook (7045.7-H) (reference (c)).

B. APPLICABILITY AND SCOPE

1. The provisions of this Instruction apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff and the Defense Agencies (hereinafter referred to collectively as "DoD Components").

2. The Secretary of Defense approved programs for the military functions of the DoD for the prior, current, budget and program years are reflected in the FYDP, and planning, programing, budgeting, execution and accountability for the DoD will be consistent with the FYDP. The program years for cost and manpower are the four succeeding years beyond the budget year, for forces they are the seven years beyond the budget year.

C. DEFINITIONS

The terms used in this Instruction are defined in General Accounting Office publication "Terms Used in the Budgetary Process," PAD-77-9, July 1977.

D. KEY PPBS DOCUMENTS

1. Joint Strategic Planning Document (JSPD)

The JSPD will be submitted for use in the development of the draft Consolidated Guidance (CG). It will contain a concise, comprehensive military appraisal of the threat to U.S. interests and objectives worldwide; a statement of recommended military objectives derived from national objectives; and the recommended military strategy to attain national objectives. A summary of the JCS planning force levels which could successfully execute, with reasonable assurance, the approved national military strategy will be included, as well as views on the attainability of these forces in consideration of fiscal responsibility, manpower resources, material availability, technology, and industrial capacity. The JSPD will also provide an appraisal of the capabilities and risks associated with programmed force levels, based on the planning forces considered necessary to execute the strategy, and will recommend changes to the force planning and programing guidance where appropriate.

2. Consolidated Guidance (CG)

After consideration of the military advice of the JCS, as expressed in the JSPD, the next milestone is the Consolidated Guidance (CG). A draft of the CG is issued first to solicit the comments of the DoD Components and to provide a vehicle for an exchange of views on defense policy between the Secretary of Defense, the President, and the National Security Council. The final version of the CG serves as an authoritative statement of the fundamental strategy, issues, and rationale underlying the Defense Program, as seen by the leadership of the DoD. The CG provides definitive guidance, including fiscal constraints, for the development of the Program Objective Memoranda by the Military Departments and Defense Agencies.

3. Program Objective Memorandum (POM)

Annually, each Military Department and Defense Agency will prepare and submit to the Secretary of Defense a Program Objective Memorandum. POMs will be based on the strategic concepts and guidance as stated in the CG and include an assessment of the risk associated with the current and proposed forces and support programs. POMs will express total program requirements for the years covered in the CG, and must provide rationale for proposed changes from the approved FYDP base. Costs will be within the fiscal guidance issued by the Secretary of Defense. Major issues which are required to be resolved during the year of submission should be identified. Supporting information for POMs will be in accordance with the annual POM Preparation Instructions.

4. Joint Program Assessment Memorandum (JPAM)

The JPAM will be submitted by JCS for consideration in reviewing the Military Departments' Program Objective Memoranda (POMs), developing Issue Papers, and drafting Program Decision Memoranda. It will provide a risk assessment based on the composite of the POM force recommendations and include the views of the Joint Chiefs of Staff on the balance and capabilities of the overall POM force and support levels to execute the approved national military strategy. Where appropriate, the Joint Chiefs of Staff will recommend actions to achieve improvements in overall Defense capabilities within, to the extent feasible, alternative POM funding levels directed by the Secretary of Defense. In addition, the JPAM will develop SALT-constrained forces and provide recommendations on the nuclear weapons stockpiles considered necessary to support these forces, and on the security assistance program.

5. Program Decision Memorandum

a. POMs will be reviewed in accordance with the following:

(1) The OSD Staff will prepare decision (issue) papers on program issues. These "Issue Papers" will be developed in coordination with the DoD Components who will assure completeness and accuracy of the information contained therein. The views of the JCS on the risks involved in the POMs will be considered during preparation of the Issue Papers.

(2) Based on the Issue Papers and JCS risk assessment, the Secretary will issue Program Decision Memoranda (PDMs) which will be transmitted to the DoD Components for analysis and comment as appropriate.

b. Comments on the PDMs may be prepared in a manner prescribed by the submitting activity, but will present the precise program impact

that may be expected as a result of the decision. If comments on the PDMs express a dissenting view, any additional or clarifying information or justification will accompany the statement to allow a reevaluation of the issue.

c. Comments submitted by the JCS will address the impact on total DoD program balance. JCS will provide the Secretary of Defense with an assessment of the risks involved and inherent in the PDMs and an evaluation of strategic implications.

d. Following a staff review of comments on the PDMs, meetings will be held by the Secretary of Defense to discuss major unresolved issues. If appropriate, Amended Program Decision Memoranda (APDMs) will then be issued to incorporate any new decision, or to reiterate the previous decision.

6. Budget Estimates

Annually, each DoD Component will submit its budget estimates to the Secretary of Defense in accordance with reference (d), DoDI 7110.1 and 7110.1-M. The budget estimates will include the prior year, current year, and budget fiscal year (budget year plus one for authorized programs) in accordance with currently established procedures. Budget estimates will be prepared and submitted based on the program as approved in the PDMs/APDMs, as well as economic assumptions related to pay and pricing policies which will be contained either in the APDMs or in separately prescribed detailed budget guidance each year.

7. Budget Decisions

a. In order to maximize the review and analysis time, DoD and OMB will jointly review the budget estimates. Participation in this joint

review will be open to all elements of the DoD Components and OSD staffs. Inputs from participants will be solicited for inclusion in the Decision Package Sets (DPSs), the decision document ultimately signed by the Secretary/Deputy Secretary of Defense. These decisions will address all of the resources in the budget request and be related to the appropriations and budget activity structure of the Department of Defense. The decisions will include the current year, the budget year, the authorization year (budget year + 1) and an estimate of the resource impact on the three succeeding program years.

b. DPSs, as they are approved by the Secretary/Deputy Secretary, will be translated into the Automated Budget Review System to reflect increases and decreases to the submissions. Periodic status reports will be provided to the Secretary/Deputy Secretary as well as the OSD managers and staff and the submitting components. Status will be in terms of Total Obligational Authority, Budget Authority, and Outlays.

c. While the review is progressing, the Defense Resources Board (DRB) will meet periodically to consider the relative ranking priorities of programs ranked by the submitting components. The DRB will first integrate the original component rankings by reviewing and approving OSD staff prepared Priority Change Proposals (PCPs). Those PCPs not approved by the DRB will be discarded. The DRB will then meet with the Secretary who will approve/disapprove the DRB reranking proposals. The Secretary will make changes to the ranking to ensure that the highest priority programs are included within the approved funding level. All such approved ranking changes will be reflected daily in the automated system so that the budget status reporting will be current for both DPS changes and ranking changes.

d. After review of the tentative budget decisions, DoD Components may identify issues that are serious enough to warrant a major issue meeting with the Secretary of Defense. Subsequent decisions made by the Secretary of Defense will be announced in revisions to previously issued DPSs.

E. PLANNING, PROGRAMING AND BUDGETING SYSTEM SCHEDULE

Publication timing of the various PPBS documents is critical. Since the system represents a dialogue between the many participants, the documents must be issued to allow adequate time for analysis and response. Therefore, a schedule of significant events in the PPBS process for the upcoming calendar year will be initiated and staffed by OASD(C) and issued annually by the Secretary of Defense to establish the dates for:

1. Submission by the Joint Chiefs of Staff of independent military strategy and other military advice considered necessary by the JCS. Such advice will be contained in identified JCS documents which are a formal part of the PPBS.
2. Issuance of Consolidated Guidance (CG).
3. Submission and review of DoD Components' Program Objective Memoranda (POMs), including JCS risk assessment, recommendations on overall force balance and processing of Issue Papers.
4. Issuance of Secretary of Defense PDMs and APDMs.
5. Submission of the DoD budget estimates.
6. Other significant items having an impact on the decision-making cycle.

F. GENERAL SYSTEM DESCRIPTION

Each of the documents mentioned below are described in detail in Section D. Enclosure 2 is a general systems flowchart.

1. The PPBS is a cyclic process containing five distinct, but inter-related, phases; planning, programing, budgeting, execution and accountability.

In the first three phases prior decisions are reexamined and analyzed from the viewpoint of the current environment (threat, political, economic, technological, and resource availability) and the decisions are either reaffirmed or modified as necessary.

2. In the planning phase the role and posture of the United States and the DoD in the world environment are examined, with particular emphasis on Presidential policies. The following facets are analyzed: (a) potential and probable enemy capabilities and threat; (b) potential and probable capabilities of our allies; (c) potential U.S. policies and objectives in consideration of (a) and (b); (d) military strategies in support of these policies and objectives; (e) planning force levels that would achieve defense policy and strategy; and (f) planning assumptions for guidance in the following phases of PPBS.

3. The first step in the PPBS cycle is the submission of the Joint Strategic Planning Document (JSPD) containing independent JCS military strategy advice and recommendations, to be considered when subsequent PPBS documents are developed.

4. Next is the publication of the Consolidated Guidance (CG) which will consider the JCS strategy advice, provide guidance for implementation of Presidential policy decisions and military strategic objectives, and document Secretary of Defense guidance for subsequent program formulation.

5. The DoD Components, using the preceding documents as guidance, develop their proposals for the program years. These proposals, expressed in the Program Objective Memoranda (POMs), represent systematic analysis of missions to be achieved, alternative methods of accomplishing the missions, and the effective application of the constrained resources.

6. After the POMs are submitted, the JCS will provide, in the Joint Program Assessment Memorandum (JPAM), a risk assessment based on the

capability of the composite force level and support program for the Armed Forces to execute the strategy outlined in the CG.

7. The programing phase culminates with the issuance of Program Decision Memoranda (PDMs). Based on previous guidance documents, the POMs are analyzed, Issue Papers are developed and staffed, decisions are expressed in PDMs, and, as necessary, reaffirmed or modified in Amended Program Decision Memoranda (APDMs).

8. With the establishment of program levels in the POM/PDM process, the budgeting phase begins with the DoD Components developing detailed budget estimates for the budget year portion of the approved program. These estimates are reviewed and analyzed during the Joint OMB/DoD Budget Review and are approved in budget decision documents.

9. The execution and accountability phases follow the submission of the budget and its enactment into appropriation acts by the Congress. These phases are concerned with: controlling and monitoring the execution of the budget; the accountability and reporting of actual results for use in monitoring program execution; preparing future plans, programs, and budgets; and supplying financial information to DoD managers.

G. FIVE YEAR DEFENSE PROGRAM (FYDP)

1. General

a. The FYDP is a reflection of the Secretary of Defense approved programs for the DoD. It resides in an automated data base which is updated and published at least three times a year. It contains forces, manpower, and total obligational authority (TOA) identified to a program element structure aggregated into ten programs. Program elements generally represent aggregations of organizational entities, therefore reflecting

the primary and support missions of the DoD. Resources are further subdivided by Resource Identification Codes (RICs) which identify force type, manpower type and budget appropriation. See Enclosure 3 for the FYDP concepts and structure. The FYDP is assigned RCS DD-COMP (AR)853.

b. A FYDP Codes and Definitions Handbook (DoD 7045.7-H) is maintained by the ASD(C) and contains the DoD program structure including all approved definitions, codes, and titles used in the FYDP data base as well as program and program element criteria.

c. Program Change Requests (PCRs) will be used to propose out-of-cycle changes to FYDP data that would result in a net change to a DoD Component's resources. Pursuant to Chapter 442 of the Budget Manual (reference (d)), PCRs will be submitted by the gaining organization, to reflect the resource impact of functional transfers. The resource impact of the transfer will be incorporated in the next FYDP update only after having been approved by a PCD. Legal approval for the functional transfer may be accomplished by memorandum or other decision document but must be signed by the Secretary of Defense. PCRs will also be used to propose changes to the FYDP structure definitions and codes which would result in no net change to a DoD Component's resources. See Enclosure 4 for use and preparation of PCRs.

d. Program Change Decisions (PCDs) will be used to reflect Office of the Secretary of Defense decisions on PCRs. See Enclosure 5 for use and preparation of PCDs.

2. Other FYDP Usage

a. The FYDP is used extensively as a data base for many related processes, both internal and external to the Department of Defense, but within the Executive branch. Within the Department, in addition to being

one of the official published results of the PPBS process and an operating tool of the DoD manager, it is also widely used as a source of data for both analysis and as an input to alternative ways of displaying and portraying actual and programmed resources. The internal uses include: The Secretary of Defense posture statement; the Manpower Requirements Report; and Defense Planning and Programming Category Reports.

b. As a result of Congressional requests, a special annual publication of the FYDP, containing the prior, current and budget years and a Procurement Annex containing the prior, current, budget and out-years have been developed and provided to various Congressional oversight committee staffs and the Congressional Budget Office (CBO). Since the FYDP outyear programs reflect internal planning assumptions, all other data beyond the budget year are not releasable outside the Executive Branch.

c. The CBO has developed a Defense Resource Model (DRM) for use as an analytical tool in support of alternative levels of Defense resources. Following the budget submission to Congress, budget year data are extracted from the FYDP, according to CBO specifications which aggregate program elements and resource identification codes to unclassified summary levels, for input to the DRM. Data from the DRM are used by CBO to fulfill the legal requirement for mission oriented displays as stipulated in P.L. 93-344, the Congressional Budget and Impoundment Control Act.

3. Subsystems and Annexes

There are a number of data bases that contain data that are subsidiary to, or reconcilable with, the data in the FYDP. The sponsoring

office is responsible for design, installation and maintenance of sub-systems and annexes, their data bases, and for compliance with DoDD 5000.19 (reference (h)). Currently they are:

a. RDT&E and Acquisition Data Base

All procurement line items in the P-1, and all program elements in the R-1 are coded in accordance with the USDR&E mission area structure, to be used as the basis for mission area analysis, mission element need statements, and the POM review of all acquisition activities.

Sponsoring Office - OUSDR&E

RCS

b. FYDP Telecommunications Subsystem

This subsystem provides resource management data by telecommunications category and project, R&D project, procurement line item, construction project, and operating resources (including manpower) for use in planning and the POM review.

Sponsoring Office - OASD(C³I)

RCS - DD-T(TA)1164

c. RDT&E Annex

The automated RDT&E Annex is the single official reflection of the program elements approved during the review processes. It will be maintained to reflect all applicable decisions and provide consistency with the FYDP.

Sponsoring Office - OASD(C)

RCS - DD-COMP(AR)1002

d. Procurement Annex

The Automated Procurement Annex is the single official reflection of the line item programs approved during the review processes.

It will be maintained to reflect all applicable decisions and provide consistency with the FYDP.

Sponsoring Office - OASD(C)

RCS - DD-COMP(AR)1092

e. Construction Annex

The Automated Construction Annex is the single official reflection of the construction projects approved during the review process. It will be maintained to reflect all applicable decisions and provide consistency with the FYDP.

Sponsoring Office - OASD(C)

RCS - DD-COMP(AR) 1092

H. DECISION IMPLEMENTATION

1. Decisions made by the Secretary of Defense will normally be identified in one of the decision documents described herein. In addition, reprogramming actions in accordance with DoDI 7250.10 (reference (e)) will be reflected, as appropriate, in FYDP updating. Decisions will be implemented by the DoD Components by applying the forces, manpower and cost data to the FYDP data file by program element in accordance with DoDI 7045.8 (reference (f)). The Assistant Secretary of Defense (Comptroller) will issue a PCD directing FYDP updates to be submitted. The PCD will include any special instructions, program structure changes, limitations, and controls necessary for the update.

2. The Defense Systems Acquisition Review Council (DSARC), acting as the top level DoD corporate body for system acquisition, provides advice and assistance to the Secretary of Defense. Milestone decisions made through the major weapon system acquisition process (reference (g)) are based upon review of details of one particular program and reflect the readiness of

that system to progress to the next acquisition phase. The program approved in the DSARC process must compete for funds with other programs in the PPBS resource allocation process. The Secretary of Defense milestone decision is based on specific schedule, cost and operational effectiveness estimates which, if changed significantly, might alter the Secretary of Defense milestone decision. PPBS actions by the DoD Components and the OSD staff, that cause the schedule and cost estimates to change significantly enough to call into question the last milestone decision, shall be explained by the DoD Component or OSD staff element proposing the change in the PPBS document.

I. LIMITATIONS

Approval of programs in either the DSARC process or the PPBS process will not constitute authority to either commit or obligate funds.

J. RESPONSIBILITIES

In the PPBS:

1. The Joint Chiefs of Staff are responsible for developing and submitting to the Secretary of Defense independent military advice and recommendations on strategy, and for providing military advice for achieving national security objectives and for risk assessment.
2. The Under Secretary of Defense for Policy (USDP) is responsible for development of policy guidance in connection with the CG.
3. The Assistant Secretary of Defense (Program Analysis and Evaluation) is responsible for the development of planning and programing guidance based on the policy guidance developed by USDP and on the military strategy advice of the JCS, preparing and promulgating the POM Preparation Instruction, preparing and staffing the CG with DoD Components,

coordinating the POM review, preparing and coordinating the PDMs/APDMs.

4. The Assistant Secretary of Defense (Comptroller) is responsible for the overall PPBS procedures and annual issuance of the PPBS calendar, coordinating the annual budget review, as well as the operational matters relating to maintaining the FYDP.

5. The Defense Resources Board is responsible, during both the POM and budget review/decision processes, for resolving as many issues as possible with the DoD Components, assuring adherence to the fiscal and other mandatory guidance, and precluding the reevaluation of decisions in the absence of new information.

6. All DoD Components are responsible for participating as appropriate in meeting the objectives and requirements of the PPBS.

K. REPORTING REQUIREMENTS

Each OSD office and DoD Component is responsible for compliance with the provisions of DoDD 5000.19, (reference (h)) in their respective areas of responsibility.

L. IMPLEMENTATION AND EFFECTIVE DATE

This Instruction is effective upon issuance. Three copies of each DoD Component's implementing documents will be forwarded to the Assistant Secretary of Defense (Comptroller) within one hundred and twenty days of the date of this Instruction.

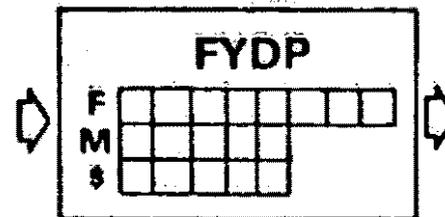
Enclosures:

1. References (d) through (h)
2. PPBS Flow Chart
3. FYDP Concepts and Structure
4. Use and Preparation of Program Change Requests (PCRs)
5. Use and Preparation of Program Change Decisions (PCDs) and Decision Package Sets (DPSs)

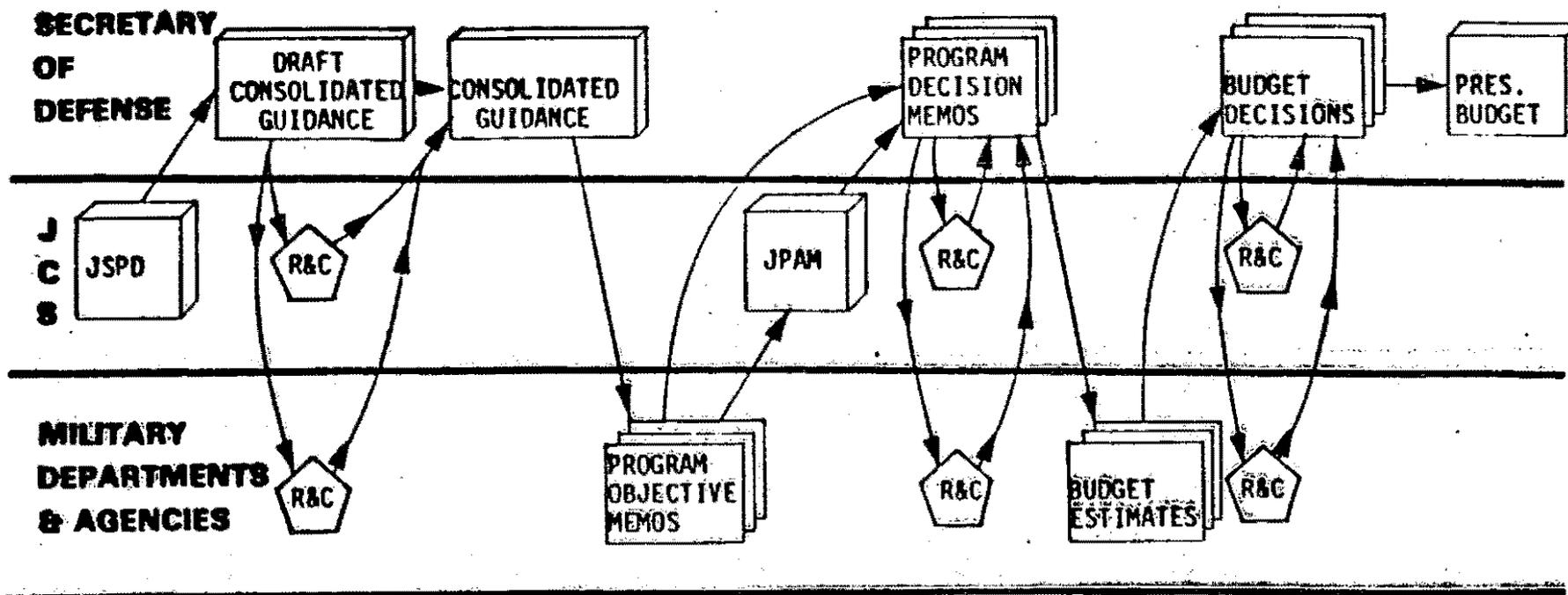
References

- (d) DoD Instruction 7110.1, "Guidance for Preparation of Budget Estimates, Operating Budgets, Financial Plans and Apportionment Requests, and Related Support Material," August 23, 1968, and Manual (7110.1-M)
- (e) DoD Instruction 7250.10, "Implementation of Reprograming of Appropriated Funds," January 10, 1980
- (f) DoD Instruction 7045.8, "Procedures for Updating Program Data in the Five Year Defense Program (FYDP)," to be reissued
- (g) DoD Instruction 5000.2, "Major System Acquisition Procedures," March 19, 1980
- (h) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976

PLANNING PROGRAMMING BUDGETING



JAN MAR MAY JUN JUL-AUG SEP OCT-DEC JAN



JSPD = Joint Strategic Planning Document
JPAM = JOINT Program Assessment Memorandum



R&C = Review and Comment

FYDP Symbols
F = Forces
M = Manpower
\$ = Dollars
[] = Years

70457 (ENCL 2)

THE FYDP
CONCEPTS AND STRUCTURE

A. GENERAL

The Five Year Defense Program (FYDP) is the official document which summarizes the Secretary of Defense approved programs (prescribed in Program Decision Memoranda, Program Change Decisions, budget decisions, and other SecDef decision documents) for the Department of Defense. The FYDP, which contains PY, CY, BY and BY + 1 through BY + 4 (BY + 7 for forces), is published three times a year and reflects the total resources programmed by the DoD, by fiscal year. An historical FYDP is published annually, following the POM update of the FYDP, and contains prior year resource data consistent with the official accounting records for fiscal years 1962 through the prior year, as applicable.

The FYDP consists of both force-related mission programs with their organic support, and support-related programs, which include those functions which are not organic to other program elements. It is continually being modified to associate maximum resources practicable with the force-related programs, consistent with DoD management needs. Also, efforts are continuing to improve the system by minimizing allocations of costs which support more than one program or program element.

B. PROGRAMS

A program is an aggregation of program elements which reflects a force mission or a support mission of the DoD and contains the resources

needed to achieve an objective or plan. It reflects fiscal year time-phasing of mission objectives to be accomplished and the means proposed for their accomplishment.

The FYDP is comprised of ten major Defense programs as follows:

- Program 1 - Strategic Forces
- Program 2 - General Purpose Forces
- Program 3 - Intelligence and Communications
- Program 4 - Airlift/Sealift Forces
- Program 5 - Guard and Reserve Forces
- Program 6 - Research and Development
- Program 7 - Central Supply and Maintenance
- Program 8 - Training, Medical, and Other General Personnel
Activities
- Program 9 - Administration and Associated Activities
- Program 0 - Support of Other Nations

The major programs of the FYDP fall within the general organizational areas of responsibility within the Office of the Secretary of Defense, as shown below. However, since resources in these programs may overlap areas of management and functional responsibility, the programs are not considered to be the exclusive responsibility of any one particular organizational element of the Office of the Secretary of Defense.

1. Program 1 - Strategic Forces

Office of Prime Responsibility: Assistant Secretary of Defense

(Program Analysis and Evaluation)

Strategic forces are those organizations and associated weapon systems whose force missions encompass intercontinental or transoceanic

(Encl 3)

inter-theater responsibilities. Program 1 is further subdivided into Strategic Offensive Forces and Strategic Defensive Forces, including operational management headquarters, logistics, and support organizations identifiable and associated with these major subdivisions.

2. Program 2 - General Purpose Forces

Office of Prime Responsibility: Assistant Secretary of Defense
(Program Analysis and Evaluation)

General purpose forces are those organizations and associated weapon systems whose force mission responsibilities are, at a given point in time, limited to one theater of operations. Program 2 consists of force-oriented program elements, including the command organizations associated with these forces, the logistics organizations organic to these forces, and the related support units which are deployed or deployable as constituent parts of military forces and field organizations. Also included are other programs, such as the Joint Tactical Communications Program (TRI-TAC), JCS-directed and coordinated exercises, Coast Guard ship support program, war reserve materiel ammunition and equipment, and stock-funded war reserve materiel.

3. Program 3 - Intelligence and Communications

Office of Prime Responsibility: Assistant Secretary of Defense
(Communications, Command, Control and Intelligence)

Program 3 consists of intelligence, security, and communications program elements, including resources related primarily to centrally-directed Department of Defense support mission functions, such as mapping, charting, and geodesy activities, weather service, oceanography,

aerospace rescue and recovery, special activities, nuclear weapons operations, space boosters, satellite control, aerial targets, etc. Intelligence and communications functions which are specifically identifiable to a mission in the other major programs will be included within the appropriate program.

4. Program 4 - Airlift/Sealift Forces

Office of Prime Responsibility: Assistant Secretary of Defense (Program Analysis and Evaluation).

Program 4 consists of program elements for airlift, sealift, traffic management, and water terminal activities, both industrially-funded and nonindustrially-funded, including command, logistics, and support units organic to these organizations.

5. Program 5 - Guard and Reserve Forces

Offices of Prime Responsibility: Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics); Assistant Secretary of Defense (Program Analysis and Evaluation).

The majority of Program 5 resources consist of Guard and Reserve training units in support of strategic offensive and defensive forces and general purpose forces. In addition, there are units in support of intelligence and security; airlift and sealift; research and development; central supply and maintenance; training, medical, general personnel activities; administration; and support of other nations.

6. Program 6 - Research and Development

Office of Prime Responsibility: Under Secretary of Defense for Research and Engineering.

Program 6 consists of all research and development programs and

(Encl 3)

activities that have not yet been approved for operational use.

Includes:

a. Basic and applied research tasks and projects of potential military application in the physical, mathematical, environmental, engineering, biomedical, and behavioral sciences.

b. Development, test, and evaluation of new weapon systems, equipment, and related programs.

7. Program 7 - Central Supply and Maintenance

Office of Prime Responsibility: Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics).

Program 7 consists of resources related to supply, maintenance, and service activities, both industrially-funded and nonindustrially-funded, and other activities such as second destination transportation, overseas port units, industrial preparedness, commissaries, logistics and maintenance support, etc. These functions/activities, which are for the most part centrally managed, provide benefits and support necessary for the fulfillment of the DoD programs.

8. Program 8 - Training, Medical, and Other General Personnel Activities

Offices of Prime Responsibility: Assistant Secretary of Defense (Health Affairs); Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics).

Program 8 consists of resources related to training and education, personnel procurement, personnel services, health care, permanent change of station travel, transients, family housing, and other support activities associated with personnel. Excluded from this program is training

(Encl 3)

specifically related to and identified with another major program. Housing, subsistence, health care, recreation, and similar costs and resources that are organic to a program element, such as base operations in other major programs, are also excluded from this program. These functions/activities, which are for the most part centrally managed, provide benefits and support necessary for the fulfillment of the DoD programs.

9. Program 9 - Administration and Associated Activities

Office of Prime Responsibility: Assistant Secretary of Defense (Comptroller).

Program 9 consists of resources for the administrative support of departmental and major administrative headquarters, field commands, and administrative and associated activities not accounted for elsewhere. Included are activities such as construction planning and design, public affairs, contingencies, claims, audiovisual activities, criminal investigations, etc.

10. Program 0 - Support of Other Nations

Office of Prime Responsibility: Assistant Secretary of Defense (International Security Affairs).

Program 0 consists of resources in support of international activities, including Service support to the Military Assistance Program (MAP), foreign military sales, the NATO infrastructure, etc.

C. PROGRAM ELEMENTS

A program element is a primary data element in the FYDP which generally represents aggregations of organizational entities and

(Encl 3)

resources related thereto. Program elements represent descriptions of the various missions of the DoD. They are the building blocks of the programming/budgeting system and may be aggregated and re-aggregated in a variety of ways:

1. To display total resources assigned to a specific program.
2. To display weapon systems and support systems within a program.
3. To select specified resources.
4. To display logical groupings for analytical purposes.
5. To identify selected functional groupings of resources.

The program element concept allows the operating manager to participate in the programming decision process since both the inputs and outputs should be stated and measured in program element terms. Each program element may or may not consist of forces, manpower and dollars, depending on the definition of the element.

D. RESOURCE IDENTIFICATION CODES

Resource Identification Codes (RICs) are used to identify the types of resources assigned to each program element. An explanation of the type of RICs follows:

1. Force Codes. The Force Resource Identification Code is a four-digit code used to identify specific hardware items, or weapon systems, by type and model, such as aircraft, missiles, ships, and specific force organizations such as divisions, brigades, battalions, wings, etc.

2. Manpower Codes. The Manpower Resource Identification Code is a four-digit code used to identify officer, enlisted, and civilian manpower in both the active and the guard and reserve establishments. Separate

(Encl 3)

codes permit the recognition of cadets and ROTC enrollees, and identify civilians as either U.S. direct hire, foreign direct hire, or foreign indirect hire.

3. Appropriation Codes. The Appropriation Resource Identification Code is a four-digit code used to identify all appropriation accounts contained in the President's Budget as well as those of a historical nature applicable to the FYDP prior year period. These codes in most cases relate to Treasury-assigned appropriation symbols. The purpose of the resource identification code is to permit identification of the precise kinds of resources included in each element.

Each DoD Component submitting data to the DoD FYDP has been assigned codes for use in reporting such data in response to guidance for updating of the FYDP. The visibility of these resource identification codes by program element allows selection of specific data for analysis and management summary purposes.

Authority of the Principal Deputy Assistant Secretary of Defense (Comptroller) must be obtained prior to making any changes to the RIC structure.

(Encl 4)

INSTRUCTIONS FOR THE USE AND PREPARATION
OF PROGRAM CHANGE REQUESTS (PCRs)

A. PCRs will be used to request changes requiring a net increase or decrease in a DoD Component's resources as recorded in the latest FYDP, provided the document expressing such a decision, and requiring that increase or decrease, does not provide sufficient detail to permit FYDP updating. A PCR may also be used to request program and program element restructures and/or resource identification codes, or for modification/deletion of such codes in connection with the above actions.

B. PCRs may be originated by DoD Components and submitted to the Secretary of Defense via the ASD(C), over the signature of the head of the Component or his designated representative on DD Form 1570 (Program Change Request) (Att 1 to this Encl) in accordance with the following instructions:

1. PCR Number. DoD Components will assign PCR numbers in consecutive sequence starting with one (1) each calendar year. The Component identifier code as prescribed by DoD 7045.7-H (reference (c)) and a prefix designating the calendar year will precede each number (e.g. N-1-001). Numbers assigned to proposals that are subsequently withdrawn or cancelled will not be reused.

2. Title. DoD Components will assign a brief title to each PCR which adequately describes the subject matter of the request.

3. FYDP "As of" Date. Enter the date of the specific FYDP update on which the proposal is based.

4. Principal Action Officer. Enter the name, organization, and phone number of the individual most knowledgeable of the proposed change.

5. Justification.

a. Functional Transfers

(1) Briefly describe the rationale for the transfer, provide a summary of the functions being transferred, including the organizations involved; and any additional supportive data including a copy of the required approval of the transfer (See paragraph 212.1 and Chapter 442 of the Budget Guidance Manual (reference (d))). A copy of the memorandum of agreement will be attached to the PCR. Detailed displays, in the following format, showing resource net change impact in terms of program elements, manpower, and appropriations will be provided either in the justification section of the PCR or attached to the PCR.

	FY__	FY__	FY__	FY__	FY__
Program Element Code & Title					
Civ Dir Hire	+ 11	+ 12	+ 13	+ 13	+ 13
O&M	+ 220	+ 220	+ 230	+ 230	+ 230

Program Element Code & Title					
Civ Dir Hire	- 11	- 12	- 13	- 13	- 13
O&M	- 210	- 220	- 230	- 230	- 230

Continuation sheets may be used to provide any additional documentation in support of the proposal or to provide any additional clarification deemed appropriate.

(2) The gaining organization is responsible for preparation of PCRs relating to functional transfers.

b. Other PCR Actions Requiring Net Resource Changes. Briefly describe the change which results in the net increase or decrease in the Component's resources. Provide any supportive data or rationale for the change. Detailed resource displays similar in format prescribed for functional transfers in para. B.5.a.(1) above are required.

c. Program Structure Changes. Briefly describe the rationale for the proposal, provide a summary of the resources affected by the change and any additional supportive information that may be of value in assessing the proposal. The following specific information is required:

(1) Proposed Implementation Date. The request must indicate in which FYDP update the proposal, if approved, should be implemented. If a special update is desired, provide detailed justification and explanation as to why the proposal cannot be accommodated during a regularly scheduled update.

(2) Fiscal Years Affected. The FYDP is the single most comprehensive data base in the DoD for prior year information. In order to preserve consistency and to provide comparability with outyear data, structure change proposals should include prior years when the necessary data are available.

(3) Program Element Changes

(a) If new program elements are requested or data are being shifted between/among program elements, net changes in resources for the first unexecuted fiscal year affected will be provided. The format for this display follows and it may be included in the body of the PCR or as an attachment thereto, depending on the number of program elements involved.

(Encl 4)

<u>FY 82</u>	<u>Military Manpower</u>	<u>Civilian Manpower</u>	<u>Invest. \$</u>	<u>Operating \$</u>	<u>Forces</u>
PE 1	+ 100	+ 50	+ 100	+ 5,000	N/A
PE 2	+ 2,000	+ 100	N/A	+ 100,000	+ 6
PE 3	+ 300	+ 500	+ 1,000	+ 250,000	N/A
PE 4	- 2,400	- 650	- 1,100	- 355,000	- 6

It is emphasized that the above data are required for the first unexecuted fiscal year only and will be used to assess the impact of the proposal on the resource content of the programs and program elements affected.

(b) Assessment of the organizational impact of the change will be provided. For example, if the proposal will subdivide a DoD Component's funded activities into several programs or program elements, this information should be provided.

(c) Enclosure 3 provides guidance for programs and program elements. All requests for structure change will be evaluated against this guidance. If the proposal deviates significantly from this guidance, detailed justification for such deviation will be provided.

(d) New or revised program element definitions that will result if the proposal is approved will be appended to the PCR. Revised definitions should include a marked-up version of the current definition as well as a final typed version of the proposed revision. (DD Form 1643, Att 2 to this Encl)

(e) If a program element is being deleted or designated as historical, a brief explanation is required.

(f) Program element title changes should be included

(Enc1 4)

in the revised definition, or if the request is for a title change only, it should be so stated and explained in the request.

(4) Resource Identification Code (RIC) Changes. RIC changes (additions, deletions, title changes) should include an explanation and/or existing authorization for the change.

6. Thirty (30) copies of functional transfer PCRs and fifteen (15) copies of all other PCRs will be forwarded to the Director for Program and Financial Control, OASD(C), for processing, staffing and decision. A PCD will be prepared announcing the decision.

PROGRAM CHANGE REQUEST

Request Number

Title

FYDP As of Date

Principal Action Officer

Description

Justification

SIGNATURE AND DATE

PROGRAM ELEMENT DEFINITIONS

(Att. 2 to Encl 4)

Air-Launched Cruise Missile (ALCM) (AGM-86)	11122F
<p>includes manpower authorizations, peculiar and support equipment, necessary facilities, and the associated costs specifically identified and measurable to the following: The AGM-86 Air-Launched Cruise Missile (ALCM) is a small unmanned, winged air vehicle capable of sustained subsonic flight following launch from an airborne carrier aircraft. The air vehicle is propelled by a turbofan engine, incorporates a nuclear warhead, is internally guided by an inertial system updated by terrain correlation (TERCOM), and can be programed to strike a wide variety of preselected ground targets as a result of its accuracy and yield characteristics.</p> <ul style="list-style-type: none"> •Wing Headquarters •Airborne Missile Maintenance •Munitions Maintenance •Field Maintenance •Avionics Maintenance •Weapons System Security <p>Excludes nuclear warhead costs which are borne by the Energy Research and Development Administration. Excludes Research and Development (see PE 64361F).</p>	

WWMCCS ADP - NORAD/ADCOM	12310F
<p>Includes all resources (R&D, investment, and operations) directly associated with ADP support of the World-Wide Military Command and Control System (WWMCCS), as defined in DoD Directive 5100.30. Includes those resources devoted to planning, designing, developing, procuring, leasing, programing and operating ADP facilities that are a part of or are in direct support of WWMCCS. Includes, but is not limited to, WWMCCS new standard (Honeywell) ADP systems.</p> <p>Where an ADP center is providing both WWMCCS and non-WWMCCS support, and resources are not readily distinguishable between them, the WWMCCS portion will be determined on the basis of relative workload.</p> <p>WWMCCS - ADP - CONAD Includes all WWMCCS ADP resources at CONAD/NORAD.</p> <p>Excludes Intelligence Data Handling System resources (see PE 310250); WWMCCS architecture (see PE 637350); and resources included in program elements which are part of the Consolidated Telecommunications Program.</p>	

INSTRUCTIONS FOR USE AND PREPARATION OF
PROGRAM CHANGE DECISIONS (PCDs)
AND DECISION PACKAGE SETS (DPSS)

A. PROGRAM CHANGE DECISIONS (PCDs).

1. PCDs will be used to reflect Secretary of Defense decisions on PCRs, to provide detailed guidance for updates of the FYDP and related annexes, and other decisions as deemed appropriate by the Secretary.

2. PCDs are formatted in a manner to make them compatible with PCRs, using SD Form 428 (Program Change Decision) (Att 1 to this Enclosure) in accordance with the following instructions.

a. PCD Number. Enter the request number assigned to the PCR. When the PCD is originated without benefit of PCR input, or responds to 2 or more PCRs, the letter X preceding the year will be assigned (e.g., X-1-001). For FYDP update PCDs, and in special cases as determined by OASD(C), the letter Z will be assigned.

b. Implementing Component. Enter the DoD Component designated to implement the decision. When more than one Component is involved, insert "All" or "See Below." In the latter case, specify the Components that are required to implement the decision.

c. Program Element Code. Enter the code as assigned by DoD 7045.7-H, "FYDP Codes and Definitions Handbook." When more than one element is involved, insert "Various" and identify each program element in the body of the decision.

d. Guidance. Enter relevant DoD issuance or official, as appropriate (e.g., DoDI 7045.7, or ASD (Comptroller)).

(Encl 5)

e. Discussion/Evaluation/Decision.

(1) Provide a brief summary of the proposed change as originally submitted by the PCR or outline the objective of the proposed change and provide summary background information to explain why the change is needed.

(2) As necessary, include an evaluation of the logic of the proposed change, and the variances or alternatives considered. Include all significant information that might influence the decision.

(3) Include the actual decision, either approved or disapproved or, as appropriate, the approval of an alternative. If an alternative or modification to the original proposal is being approved, coordination with the Components will be effected and the staffing results indicated in the PCD or covering memorandum. If disapproved, the reasons for disapproval will be stated.

(4) The decision generally will be described in program element terms.

(5) The PCD will specify when the change will be incorporated in the FYDP. If OASD(C) determines a special update to the FYDP is justified, the date for that update will be specified in the PCD.

f. Signature and Date. Normally PCDs will be signed by ASD(C) or his designated representative.

B. DECISION PACKAGE SETS (DPS) - SD Forms 428-1 and 428-1c

1. General. The data applied to the DPS, SD Form 428-1, and its continuation sheet, 428-1c, are variable and will not be confined to a

(Encl 5)

specific pattern. As frequently as possible, the decision will be expressed by use of a single page document, SD Form 428-1.

2. Specific Entries. Enter data in accordance with detailed instructions prescribed by the annual Program/Budget Instructions.

3. Attachments. When an out-year impact (first year beyond the budget year) is apparent, the decision record that accompanies the DPS will express the impact in program element terms.

PROGRAM CHANGE DECISION		PCD Number
INITIATING DOD COMPONENT	PROGRAM ELEMENT CODE	GUIDANCE
SIGNATURE AND DATE		

DECISION PACKAGE SET (Continuation)

NUMBER

CONTINUATION OF CONSIDERATION

THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

MAY 12 1980

MEMORANDUM FOR THE MEMBERS OF THE DEFENSE RESOURCES BOARD

SUBJECT: POM Review

This memo describes in general terms the program review and decision process that will be followed this year. As you will see, it is substantially unchanged from last year. More detailed guidance will be provided later by the ASD(P&E) who will again take the lead in managing the process. The DRB will continue in its role of examining the major issues raised and presenting recommendations to the Secretary of Defense for decisions. In doing this, the DRB will attempt to eliminate unimportant issues, resolve as many issues as possible with the Services, assure adherence to the fiscal and other mandatory guidance, and preclude the revisiting of decisions in the absence of new information.

Schedule

A schedule is attached. The following explains the sequential steps:

"Thumb-Nail sketches" of Proposed Issues. By May 30th, each of the sponsors of the seven POM Issue Papers will submit to P&E a brief "thumb-nail-sketch" for each of the issues he proposes to raise in his Issue Paper. Each sketch will outline in the briefest possible way -- 2 or 3 lines -- the alternatives to Service programs that he proposes to include, why (e.g., compliance with SecDef Mandatory Guidance), and an estimate of the financial effects. The ASD(P&E) will collate these and distribute them to the members of the DRB, who will use them to:

- o Cull out any issues judged to be of lesser importance.
- o In the case of overlapping proposals, decide how they should be combined and restructured.
- o Decide whether modifications of proposed issues -- such as adding or deleting alternatives -- would be desirable.
- o Get a preliminary estimate of the balance -- or lack thereof -- between proposals to add and proposals to subtract money, with the aim of adherence to the fiscal guidance at each level.

To accomplish this, I will call such meetings of the DRB as may seem desirable at the time -- though these are not specifically indicated on the schedule.

Draft Issue Papers Distributed for Review. On a staggered schedule starting June 20th, the draft Issue Papers will be distributed not only to the Services for their review and comment, but also to the other members of the DRB (i.e., other than the sponsor) for their information and comments, if they have any.

Final Issue Papers. A week after distribution of the draft Issue Papers, Service (and any DRB) comments will be collected by the ASD(PA&E) and distributed to the sponsors. The sponsors will modify their Issue Papers accordingly, reflecting those comments they accept, and summarizing in each paper those they reject. The ASD(PA&E) will distribute the final versions of the Issue Papers to the DRB members a week later, together with a summary of the fiscal effects of the proposed alternatives.

DRB Meetings. Two or three days after each Issue Paper is distributed, the DRB will meet to discuss the issues and alternatives, and to develop recommendations for the Secretary of Defense. (Those recommendations may also include deletion of issues judged not to be worth the Secretary's time.)

The recommendations will be forwarded to the Secretary in the form of a two-part memorandum. The first part will briefly summarize all the issues on which there is no disagreement within the DRB. The second part will treat those issues on which the DRB is split, and will include 1) the relevant section of the Issue Paper treating that issue, 2) a summary if necessary of any additional information developed since the drafting of the Issue Paper, and 3) a compilation showing which of the appropriate DRB members recommend which of the alternatives.

Last year, the DRB members were sometimes represented at these meetings by relatively junior substitutes. In addition, what had been intended as a deliberative and advisory body too often took on the tone of a majority-rule election, in which some members seemed to feel compelled to "cast a ballot", regardless of their responsibility for or expertise in the issue under discussion.

To avoid that this year, substitutes will be restricted to the members' principal deputies and, while all members are encouraged to contribute to the discussion, Associate Members' recommendations will be reported only in those cases involving their special responsibility or expertise; Principal Members are asked to abstain from making recommendations merely on a pro forma basis.

The primary goals of this phase of the DRB review are 1) to ensure that all elements of the Defense program are in the appropriate rough order, that is, located in the appropriate band, and 2) to ensure that the resulting fiscal levels remain consistent with the Fiscal Guidance.

Follow-Up Actions. The Secretary of Defense, after reviewing the DRB's two part memo (the schedule also allows for a "wrap-up" meeting with the DRB if he wants one), will indicate his decisions and return them to the ASD(PA&E) for incorporation in the Program Decision Memorandums (PDMs) to be sent to the Services.

This year the Services will again begin preparing their budgets immediately on receiving the PDMs, with the understanding that some modifications may be necessary upon receipt of the APDMs.

Service reclaims will be due two weeks after receipt of the PDMs, followed by the customary meetings with the Secretary prior to issuance of the APDs. The final budget submissions to OSD being due three weeks later on September 19th.

Though it is not the purpose of this memo to describe the procedures to be followed during the subsequent budget review, I want to emphasize that the DRB will continue to direct and supervise that process, assuring a smooth continuity between the program and budget reviews, the adherence to a common set of decision packages, and that decisions, once made, are not revisited in the absence of new information. During this period there will be two concurrent activities: the budget submissions will be "scrubbed" for efficiencies, executability, costing, etc. at all levels, and the relatively coarse prioritization developed at three levels during the program review will be refined to a continuous ordinal list from the minimum level to the enhanced.

Special Provisions for the C³I Issue Paper

In the past years, the C³I Issue Paper has, for understandable reasons, contained a great many issues of a highly specialized nature involving matters of only indirect concern to other offices in OSD. To simplify the process of review of such issues, we have established through common agreement a group of C³I program elements that will be handled on a special basis.

For the program elements within that group, the ASD(C³I) will be responsible for proposing a modification of the Service proposals in the form of a complete and integrated package. The total cost of that package at the Basic level of the fiscal guidance will equal the aggregate costs of those program elements in the latest FYDP, adjusted pro rata to the degree that the FYDP total does not exactly match the fiscal guidance. Appropriately larger and smaller integrated packages will be developed to correspond to the Enhanced and Minimum fiscal guidance levels.

For that part of the C³I Issue Paper, "thumb-nail-sketches" will not have to be prepared for consideration by the DRB. Though the members will be able to challenge any part of the ASD(C³I)'s proposal at the C³I meeting, it is to be understood that, failing such challenges, the DRB will generally endorse his suggestions.

The remainder of the C³I Issue Paper will address non-force structure issues proposed by ASD(C³I) that cover programs outside the agreed group of program elements (i.e., elements in which other OSD offices have a direct involvement). It will also contain any proposals for elements within the agreed group that would, if adopted, exceed the cost limits described above, implying the need for offsetting cost reductions elsewhere in the Defense program. C³I-related force structure issues will be included in the Strategic, Theater Nuclear, or General Purpose Forces Issue Papers as appropriate.

"Out-of-Court" Settlements

In past years we have been able to resolve some issues "out-of-court" -- by agreement between DSC and a Service without any need for a formal statement of the issue for inclusion in an Issue Paper book, formal comment, recommendations or decision by the Secretary of Defense. Obviously, this can save time and avoid unnecessary effort. I encourage even greater emphasis on "out-of-court" settlements this year. The ASD(PA&E) will be sending you more detailed guidance in this regard.

OMB Participation

The provisions for OMB participation will be similar to last year's; we will be glad to add OMB's alternatives to our issues, or to include any complete OMB issues in our Issue Papers. We welcome such participation not only to improve our program review, but also to minimize the disruption that major programmatic changes can cause if interjected in the late stages of the annual PPES cycle.

W. Graham Clayton, Jr.
W. Graham Clayton, Jr.

Attachment

CY 1980 PROGRAM REVIEW SCHEDULE

May 16: Service and Defense Agency Program Objective Memorandum (POMs) submitted

May 30 - July 16:

<u>Issue Paper</u>	<u>Issue Paper Sponsor</u>	<u>"Thumb-Nail Sketches" to PA&E</u>	<u>Draft Issue Papers Out for Review</u>	<u>Comments Due</u>	<u>Final Issue Paper Due to DRD</u>	<u>DRB Meet</u>
1. Strategic Forces	ASO(PA&E)	May 30	June 20	June 27	July 3	July
2. Theater Nuclear Forces	ASO(PA&E)	May 30	June 23	June 30	July 7	July
3. General Purpose Forces	ASD (PA&E)	May 30	June 24	July 1	July 8	July
4. C ³	ASD(C ³ I)	May 30	June 25	July 2	July 9	July
5. ROT&E	USDRAE	May 30	June 26	July 3	July 10	July
6. Manpower & Logistics	ASD(MRA&L)	May 30	June 27	July 3	July 11	July
7. Intelligence	ASD(C ³ I)	--	--	--	--	July

July 17

July 25

August 8

August 18, 19

August 20

August 27

Wrap-up meeting with Secretary of Defense

Publish Program Decision Memorandums (PDMs)

Service Reclamas to POMs submitted

Service Reclama meetings with Secretary of Defense

Wrap-up meeting with Secretary of Defense

Publish Amended Program Decision Memorandums (APDMs)



PROGRAM ANALYSIS
AND EVALUATION

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301

MAY 16 1980

MEMORANDUM FOR THE DEFENSE RESOURCES BOARD

SUBJECT: POM Review Procedures

This memo provides the procedures and formats to be used in the program review process described in Secretary Claytor's memo of May 12th. In order to make the process flow as smoothly as possible, please identify two key people for your organization: the person who is going to manage the program review for you and his staff point-of-contact. Please forward these names to my staff point-of-contact, LTC Jeffrey Oster, (Rm 2D278, X70221).

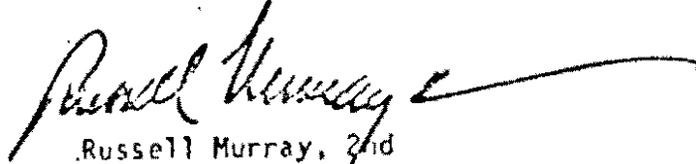
Thumb-Nail Sketches will be used by the Defense Resources Board (DRB) to focus the POM review on the major issues by culling out issues of lesser importance. Please submit summaries of your proposed issues -- using the format in Enclosure 1 -- by May 30th.

Issue Papers will be the basis of the DRB's recommendations to the Secretary for changes to the Service-proposed programs. Preparation of the Issue Papers will be the same as last year. Submit the final edition of your draft and final Issue Papers --using the format in Enclosure 2 -- to Mr. Charles Pugh, X70395, room 2E313. To provide time for printing and distribution, please submit them two working days prior to the distribution dates shown in the schedule (Enclosure 3). Include transmittal letters for my signature for forwarding the draft Issue Paper to the Services and the final Issue Paper to the DRB.

Out-of-Court settlements are used for resolving issues without taking up the Secretary's time. These settlements are to be recorded on the form specified in Enclosure 4 and must be agreed to by the sponsoring OSD Office, the Military Department or organizations affected, and the ASD(PA&E). These reports are not to exceed two pages. When agreement is reached, the form is prepared by the initiating office and staffed with the other offices. A file copy of all out-of-court settlements will be retained by PA&E.

Issues must be resolved within each Military Department's fiscal guidance. Thus, any issue requiring additional resources can be settled out-of-court only if a suitable offset is identified. Please publish all out-of-court settlements in a separate section of your Issue Paper to inform the Secretary of your agreements.

DoD Fiscal Guidance is to be adhered to throughout the Program Review. To do this, each Issue Paper must provide at least enough program reductions to offset proposed additions. This does not suggest that the aggregate POM funding covered by each Issue Paper will be precisely preserved. The Secretary must have enough flexibility to accept some attractive, but costly proposals and pay for them with lower-priority items. The result of this process may well be a net shifting of funds from one area to another.



Russell Murray, 2nd
Assistant Secretary of Defense
Program Analysis & Evaluation

Issue: State as a brief question; e.g., "What is the appropriate mix of prepositioning and airlift programs to increase our capability for rapid deployment of conventional forces?"

Military Department: 2/

Rationale: Explain the major financial or policy significance of the issue.

Cost Summary:

	Costs (FYDF \$ Millions)	
	FY 82	FY 82-86 Total
<u>Absolute Costs by Program Levels</u> <u>3/</u>		
<u>Alternative 1 - POM</u> <u>4/</u>		
Minimum	100	750
Basic Level	150	1080
Enhanced Level	175	1260
<u>Alternative 2</u>		
Minimum	60	450
Basic Level	130	930
Enhanced Level	175	1260

Cost Changes Relative to POM Minimum and Bands

<u>Alternative 1 - POM</u> <u>4/ 5/</u>		
Minimum	100	750
Basic Band	50	330
Enhanced Band	25	180
<u>Alternative 2</u> <u>6/</u>		
Minimum	- 40	-300
Basic Band	+ 20	+150
Enhanced Band	+ 20	+150

- 1/ These issue abstracts are to be brief, straightforward statements.
- 2/ List components involved, including Defense Agencies.
- 3/ The absolute cost at each program level is the total program cost cumulated to that level. For Alternative 1 in the example above, the FY82 resources in the Minimum total \$100M. The absolute cost of the Basic level (\$150M) is equal to the Minimum (\$100M) plus the Basic band (\$50M), while the Enhanced level (\$175M) is the sum of the Basic level (\$150M) and the Enhanced band (\$25M).
- 4/ Alternative 1 always displays the resources as submitted in the POM.
- 5/ POM resources are displayed by band in Alternative 1 as the base point for the changes proposed in subsequent alternatives. As can be seen in Footnote 3, band totals equal the difference between two successive program levels.
- 6/ For each alternative to the POM, the Minimum, Basic, and Enhanced band values are changes relative to the respective band total displayed in Alternative 1 - POM. The example Alternative 2 in FY82 reduces the Minimum by \$40M and adds \$20M to both the Basic and Enhanced bands.

ISSUE FORMAT

Issue

State as a brief question; e.g., "What is the appropriate mix of prepositioning and airlift programs to increase our capability for rapid deployment of conventional forces?"

Background

Relate issue to U.S. strategy for meeting the threat; e.g., show trends in program funding and capability in the January 7, 1980 FYDP compared with those introduced in the POM; relevant action on the FY 1981 budget.

Alternatives

State specific alternatives for decision. Alternative 1 is always the POM. For all other alternatives, describe the changes proposed to the POM. Associated resource impacts are provided in the "Cost and Manpower Summary" table.

If procurement of major equipment is involved, include a table showing procurement quantities and costs for each alternative by year. In a simple procurement issue, (i.e., no R&D or D&S funds involved and only a single major end-item, for instance, the F-25 tactical fighter) quantities may be included in the "Cost and Manpower Summary" table.

Evaluation of Alternatives

State the impact each alternative (including the POM) would have on U.S. programs and defense capabilities; benefits and costs of each alternative relative to the POM and other alternatives considered.

Enclosure 2

Tab B

Cost and Manpower Summary

Costs (FYDF \$ Millions)

FY82	FY83	FY84	FY85	FY86	FY82-86
------	------	------	------	------	---------

Absolute Costs by Program Levels ^{1/}

Alternative 1 - POM ^{2/}

Minimum	100	125	150	175	200	750
Basic Level	150	185	220	245	280	1080
Enhanced Level	175	215	255	285	330	1260

Alternative 2

Minimum	60	65	90	105	130	450
Basic Level	130	155	190	210	245	930
Enhanced Level	175	215	255	285	330	1260

Cost Changes Relative to POM Minimum and Bands

Alternative 1 - POM ^{2/ 3/}

Minimum	100	125	150	175	200	750
Basic Band	50	60	70	70	80	330
Enhanced Band	25	30	35	40	50	180

Alternative 2 ^{4/}

Minimum	- 40	- 60	- 60	- 70	- 70	-300
Basic Band	+ 20	+ 30	+ 30	+ 35	+ 35	+150
Enhanced Band	+ 20	+ 30	+ 30	+ 35	+ 35	+150

^{1/} The absolute cost at each program level is the total program cost cumulated to that level. For Alternative 1 in the example above, the FY82 resources in the Minimum total \$100M. The absolute cost of the Basic level (\$150M) is equal to the Minimum (\$100M) plus the Basic band (\$50M), while the Enhanced level (\$175M) is the sum of the Basic level (\$150M) and the Enhanced band (\$25M).

^{2/} Alternative 1 always displays the resources as submitted in the POM.

^{3/} POM resources are displayed by band in Alternative 1 as the base point for the changes proposed in subsequent alternatives. As can be seen in Footnote 3, band totals equal the difference between two successive program levels.

^{4/} For each alternative to the POM, the Minimum, Basic, and Enhanced band values are changes relative to the respective band total displayed in Alternative 1 - POM. The example Alternative 2 in FY82 reduces the Minimum by \$40M and adds \$20M to both the Basic and Enhanced bands.

	Manpower (000)				
	FY82	FY83	FY84	FY85	FY86
<u>Absolute Strengths by Program Levels 1/</u>					
<u>Alternative 1 - POM 2/</u>					
Minimum	10	10	10	10	10
Basic Level	15	15	15	15	15
Enhanced Level	17	17	17	17	17
<u>Alternative 2</u>					
Minimum	5	5	5	5	5
Basic Level	12	12	12	12	12
Enhanced Level	17	17	17	17	17

Strength Changes Relative to POM Minimum and Bands

<u>Alternative 1 - POM 3/</u>					
Minimum	10	10	10	10	10
Basic level Band	5	5	5	5	5
Enhanced level Band	2	2	2	2	2
<u>Alternative 2 4/</u>					
Minimum	- 5	- 5	- 5	- 5	- 5
Basic level Band	+ 2	+ 2	+ 2	+ 2	+ 2
Enhanced level Band	+ 3	+ 3	+ 3	+ 3	+ 3

1/ The absolute strength at each program level is the total program strength cumulated to that level. For Alternative 1 in the example above, the FY82 strength in the Minimum is 10K. The absolute strength of the Basic Level (15K) is equal to the Minimum (10K) plus the Basic band (5K), while the Enhanced level (17K) is the sum of the Basic level (15K) and the Enhanced band (2K).

2/ Alternative 1 always displays the resources as submitted in the POM.

3/ POM resources are displayed by band in Alternative 1 as the base point for the changes proposed in subsequent alternatives. As can be seen in Footnote 3, band totals equal the difference between two successive program levels.

4/ For each alternative to the POM, the Minimum, Basic, and Enhanced band values are changes relative to the respective band total displayed in Alternative 1 - POM. The example Alternative 2 in FY82 reduces the Minimum by 5K and adds 2K to the Basic and 3K to the Enhanced band.

CY 1980 PROGRAM REVIEW SCHEDULE

May 16: Service and Defense Agency Program Objective Memorandum (POMs) submitted

May 30 - July 16:

<u>Issue Paper</u>	<u>Issue Paper Sponsor</u>	<u>"Thumb-Nail Sketches" to PAGE</u>	<u>Draft Issue Papers Out for Review</u>	<u>Comments Due</u>	<u>Final Issue Paper Due to DRB</u>	<u>DR Meet</u>
1. Strategic Forces	ASD(PAGE)	May 30	June 20	June 27	July 3	July
2. Theater Nuclear Forces	ASD(PAGE)	May 30	June 23	June 30	July 7	July
3. General Purpose Forces	ASD (PAGE)	May 30	June 24	July 1	July 8	July
4. C ₃	ASD(C3I)	May 30	June 25	July 2	July 9	July
5. ROT&E	USOR&E	May 30	June 26	July 3	July 10	July
6. Manpower & Logistics	ASD(MRA&L)	May 30	June 27	July 3	July 11	July
7. Intelligence	ASD(C-1)	--	--	--	--	July

July 17	Wrap-up meeting with Secretary of Defense
July 25	Publish Program Decision Memorandums (PDMs)
August 8	Service Reclamas to PDMs submitted
August 18, 19	Service Reclama meetings with Secretary of Defense
August 20	Wrap-up meeting with Secretary of Defense
August 27	Publish Amended Program Decision Memorandums (APDMs)

OUT-OF-COURT SETTLEMENT FORMAT

ISSUE: (short descriptive title)

DISCUSSION: (Include description of POM Program, why change from POM is desirable, description of changes, and specification of program offsets).

COST AND MANPOWER IMPACTS RELATIVE TO POM

	Cost (FYDF \$ Millions) and Manpower (OOO)				
	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>
<u>CHANGE TO POM FOR ISSUE 1/</u>					
Minimum			+10		
Basic band <u>2/</u>			+ 8		
Enhanced band <u>2/</u>			+ 4		
<u>CHANGE TO POM FOR OFFSET 1/</u>					
Minimum			-10		
Basic band <u>2/</u>			- 8		
Enhanced band <u>2/</u>			- 4		

TENTATIVE APPROVAL

Sponsoring ASD or Director _____

Military Department/JCS _____

ASD(P&E) _____

1/ Minimum, Basic band, and Enhanced band resource values are changes to the respective bands in the POM. The example shown adds \$10M to the Minimum, \$8M to the Basic band (\$18M to the Basic level), and \$4M to the Enhanced band (\$22M to the Enhanced level). The increases are then offset by equal and opposite adjustments to the minimum and the respective bands as indicated in the instructions.

2/ The Basic band contains the Program Decision Packages (PDPs) between the Minimum and the Basic level and the Enhanced band contains the PDPs between the Basic and Enhanced levels.



THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

SEP 10 1980

MEMORANDUM FOR THE MEMBERS OF THE DEFENSE RESOURCES BOARD

SUBJECT: Prioritization During the Budget Review

During the POM review process, we prioritized the defense program into three bands: Minimum, Basic, and Enhanced. We now have to prioritize the elements within the Basic and Enhanced bands, ending up with a ranking of all Consolidated Decision Package Sets (CDPSs) between the highest priority item in the Basic band and the lowest priority item in the Enhanced band. This will be done through the following series of steps:

- o When the Service budget submissions are received, the ASD(C) will distribute component ranking summaries that include a narrative description of each decision package (i.e., each CDPS) to the members of the DRB.
- o At the same time, the ASD(PA&E) will interleave the CDPSs of all the Service submissions (which the Services will have arranged in an ordinal ranking) into a tentative DoD-wide prioritized list. This list will be divided into 8 bands, and distributed to the DRB. It will also serve as the preliminary list that the OMB has requested by October 10th.
- o DRB members will then submit Priority Change Proposals (PCPs) in accordance with the "ground rules" in the attached sheet. The PCPs will be collected, collated, and distributed by the ASD(PA&E) to the DRB members for their review.
- o After considering the PCPs, the DRB will make its recommendations to me in the form of a two-part memo drafted by the ASD(PA&E). One part will summarize those PCPs that meet with no objections from DRB members. The other will report PCPs under contention, indicating which of the DRB members favor and which oppose the PCP. I will indicate my decisions on that memo, as well as any reprioritizations I may want to make apart from those suggested by the DRB.
- o The ASD(PA&E) will report my decisions to the DRB members for their information, and to the ASD(C) for incorporation in his master system.
- o My final list will be due to OMB about November 25th. In addition to the initial DRB prioritization meetings, I plan to hold at least one meeting with the DRB for a final "fine tuning" of the list.

As was the case last year, all program prioritization decisions will be addressed through the DRB using the PCP process described in this memo, while all budget scrubs will be handled through the DPS process. Throughout the budget review, the master list will be maintained by ASD(C), and will be updated to reflect both scrubs and reprioritizations. Obviously, one set of CDPs will be common to both halves of the process.

Any suggestions that the DRB members may have for improving the prioritization process described here should be sent to the ASD(PA&E) as early as possible.

Harold Brown

Attachment

GROUND RULES FOR PRIORITY CHANGE PROPOSALS (PCPs)

1. An individual PCP will deal only with moving a CDPS from one band to another, (e.g., from Band 4 to Band 2), not from one specific space on the list to another (e.g., not from 175th on the list to 87th).
2. PCPs should address CDPSs as an integral unit.
3. Proposals to transfer CDPSs from the Basic to Enhanced band or vice versa will be disallowed except in cases where significant new information has come to light since the POM review. Moving a CDPS into the Minimum will not be allowed in any case.
4. PCPs that recommend splitting a CDPS (i.e., proposing one priority for a portion of the CDPS, and another for the rest) will be accepted in only the most unusual circumstances.
5. All PCPs will be submitted using the Priority Change Proposal format that will be provided by ASD(PA&E).

REFERENCES, Continued

- (d) DoD Instruction 7000.3, "Selected Acquisition Reports (SARs)," April 4, 1979
- (e) DoD Directive 4120.3, "Defense Standardization and Specification Program," February 10, 1979
- (f) DoD Instruction 4120.19, "Department of Defense Parts Control System," December 16, 1976
- (g) DoD Directive 5160.65, "Single Manager Assignment for Conventional Ammunition," November 26, 1975
- (h) DoD Instruction 5000.36, "System Safety Engineering and Management," November 6, 1978
- (i) DoD Directive 6050.1, "Environmental Effects in the United States of DoD Actions" July 30, 1979
- (j) DoD Directive 4155.1, "Quality Program," August 10, 1978
- (k) DoD Directive 3224.3, "Physical Security Equipment: Assignment of Responsibility for Research, Engineering, Procurement, Installation, and Maintenance," December 1, 1976
- (l) DoD Directive 5000.3, "Test and Evaluation," December 26, 1979
- (m) DoD Directive 4100.35, "Development of Integrated Logistic Support for Systems/Equipments," October 1, 1970
- (n) DoD Instruction 5010.19, "Configuration Management," May 1, 1979
- (o) DoD Directive 5000.34, "Defense Production Management," October 31, 1977
- (p) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976
- (q) DoD Directive 4120.21, "Specifications and Standards Application," April 9, 1977
- (r) Military Standard 881A, "Work Breakdown Structures for Defense Materiel Items," April 25, 1975
- (s) DoD Directive 5000.28, "Design to Cost," May 23, 1975
- (t) DoD Instruction 7000.2, "Performance Measurement for Selected Acquisitions," June 10, 1977
- (u) DoD Instruction 5000.33, "Uniform Budget/Cost Terms and Definition," August 15, 1977

MISSION ELEMENT NEED STATEMENT (MENS)
FORMAT

Prepare MENS in the format shown below. Do not exceed 5 pages, including annexes. Reference supporting documentation.

A. MISSION

1. Mission Areas. Identify the mission areas addressed in this MENS. A need can be common to more than one mission area. When this is the case, identify the multiple mission areas.

2. Mission Element Need. Briefly describe the nature of the need in terms of mission capabilities required and not the characteristics of a hardware or software system.

B. THREAT OR BASIS FOR NEED

Summarize the basis for the need in terms of an anticipated change in the projected threat, in terms of an exploitable technology or in terms of nonthreat related factors (e.g., continuing requirements for new pilots). When the need is based on a threat change, assess the projected threat over the period of time for which a capability is required. Highlight projected enemy force level and composition trends, system capabilities or technological developments that define the quantity or quality of the forecast threat. Include comments by the DIA and provide specific references from which the threat description is derived. Quantify the threat in numbers and capability. If nuclear survivability and endurance are required mission capabilities, include an explicit statement of this fact. When the need is based on exploitation of developing technology, describe the benefits to mission performance.

C. EXISTING AND PLANNED CAPABILITIES TO ACCOMPLISH THIS MISSION

Briefly summarize the existing and planned DoD or allied capabilities to accomplish the mission. This must not be a narrow, one-Service view when looking across a multi-Service or an overlapping mission area, such as air defense. Reference existing documentation, such as force structure documents.

D. ASSESSMENT OF NEED

The most important part of the MENS is the evaluation of the ability of current and planned capabilities to cope with the projected threat. Base the evaluation on one or more of the following factors:

1. Deficiency in the existing capability, such as excessive manpower, logistic support requirements, ownership costs, inadequate system readiness or mission performance.

2. Exploitable technological opportunity.

3. Force size or physical obsolescence of equipment.

4. Vulnerability of existing systems.

E. CONSTRAINTS

Identify key boundary conditions for satisfying the need, such as:

1. Timing of need.

2. Relative priority within the mission area.

3. The order of magnitude of resources the DoD Component is willing to commit to satisfy the need identified. This resource estimate is for initial reconciliation of resources and needs. It is not to be considered as a program cost goal or threshold.

4. Logistics, safety, health, energy, environment, and manpower considerations.

5. Standardization or interoperability with NATO, and among the DoD Components.

6. Potentially critical interdependencies or interfaces with other systems, and technology or development programs.

F. RESOURCE AND SCHEDULE TO MEET MILESTONE 1

Identify an approximate schedule and an estimate of resources to be programmed along with the approach proposed for developing alternative concepts for presentation to the Secretary of Defense at Milestone I.

Mar 19, 80
5000.2 (Encl 3)

DECISION COORDINATING PAPER (DCP)
FORMAT

Prepare DCP in the format shown below. Do not exceed 10 pages, including annexes. Reference supporting documentation.

Part I: State the direction needed from the Secretary of Defense, including deviations from the acquisition process contained in DoD Directive 5000.1 (reference (b)) and this Instruction.

Part II: Describe the overall program. The Description and Mission statement contained in the "Congressional Data Sheets" may satisfy this requirement.

Part III: Revalidate the need for the program.

Part IV: Summarize system and program alternatives considered and the reasons why the preferred alternative was selected.

Part V: Summarize the program schedule and acquisition strategy with emphasis on the next phase. The degree of competition should be addressed.

Part VI: Identify and assess issues affecting the Secretary of Defense's milestone decision.

ANNEXES

- A. Goals and Thresholds
- B. Resources - Preferred Alternative
- C. Life-Cycle Cost

	Last Approved by SECDEF 1		Current Estimate	Recommended to SECDEF At This Milestone 2	
	Goal (a)	Threshold (b)		Goal (d)	Threshold (e)
<u>COST</u> 3 4					
RDT&E 5 Procurement Flyaway					
<u>SCHEDULE</u> 4 6					
Next Milestone IOC					
<u>PERFORMANCE</u> 7					
Operational Availability 8 9					
Mission Survivability and Reliability 9 10					
Weight Range Speed Sortie Rate 11					
<u>SUPPORTABILITY AND MANPOWER</u> 7					
Manning 12					
Maintenance-related R&M 9 13					
Petroleum, Oil, Lubricant Consumption Spares 14					

- 1 Provide goals and thresholds from last SDDM.
- 2 Explain any changes from columns (a) and (b) in a footnote.
- 3 Provide values for total RDT&E and procurement appropriations and for flyaway/rollaway/sailaway cost. Additional cost elements may be appropriate for individual systems. All cost goals and thresholds will be in constant, base year dollars.
- 4 Add additional stubs as appropriate. The stubs indicated are mandatory.
- 5 Provide both a total RDT&E program goal and threshold. Fiscal year thresholds shall be displayed in a footnote to this Annex and shall total to the overall RDT&E threshold.
- 6 Provide projected date for next milestone and for Initial Operational Capability (IOC). Define IOC by footnote. Additional schedule elements may be added, as appropriate.
- 7 Select appropriate parameters that drive system effectiveness and costs. The stubs indicated are only examples.
- 8 Use readiness-related R&M parameters that constitute operational availability if more appropriate.
- 9 Provide goals and thresholds to be achieved by the next milestone. Predicted survivability growth and R&M growth shall be displayed in a footnote to this annex as a series of intermediate thresholds capable of being measured during development, production, and deployment.
- 10 Include mission maintainability if maintenance will be performed during the mission.
- 11 Include combat utilization rate if different from peacetime utilization rate.
- 12 Include both operators and maintenance personnel.
- 13 Include separate parameters for depot maintenance.
- 14 Use logistic-related R&M parameters, if appropriate.

DCP ANNEX B
 RESOURCES - PREFERRED ALTERNATIVE
 (Current Dollars in Millions)

Mar 19, 80
 5000.2 (Annex B to Encl 3)

	FY 19__ PRIOR	FY 19__	TO COMPLETION	TOTAL PROGRAM					
Acquisition Quantities Development Production Deliveries									
DEVELOPMENT Validation Phase Full-Scale Development Total Development Cost 1 RDT&E Funding (Approved FYDP)									
PRODUCTION System Cost 2 (Long Lead Requirements) Initial Spares Total Procurement Cost 1 Procurement Funding (Approved FYDP)						()	()	()	()
MILCON During Development During Production Total MILCON MILCON Funding (Approved FYDP)									
Total Program Acquisition Cost 1 RDT&E, Procurement and MILCON Funding (Approved FYDP) (Difference)									
Estimated Other Resources Requirements 3 During Development During Production									
OPERATING AND SUPPORT O&M MILPERS Procurement 4 Total Operating and Support Cost 1									
Total Life Cycle Requirements									

1 Definitions should be in accordance with DoD Instruction 5000.33 (reference (u)).
 2 Equal to Weapon System Cost as defined in DoD Instruction 5000.33 (reference (u)); for Shipbuilding, Outfitting and Post Delivery Costs will be included.
 3 Other Life Cycle related costs (i.e., Installation, Project Manager Office, Civilian Salaries, etc.) funded by other appropriations: e.g., O&M & MILPERS during Development and/or Production phase. Also, Production Base Support (Industrial Facilities), shore-based training facilities, and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the Procurement Budget. Identify the content of this entry.
 4 Procurement costs associated with operating and owning a weapon system such as modifications, replenishment spares, ground equipment, etc.

DCP ANNEX C
LIFE CYCLE COST

CONSTANT DOLLARS (IN MILLIONS)

<u>ALTERNATIVE</u>	<u>DEVELOPMENT</u>	<u>PRODUCTION</u>	<u>OPERATING AND SUPPORT</u>	<u>TOTAL</u>
A 1				
A 2				
A 3				
o				
o				
o				

CURRENT DOLLARS (IN MILLIONS)

<u>ALTERNATIVE</u>	<u>DEVELOPMENT</u>	<u>PRODUCTION</u>	<u>OPERATING AND SUPPORT</u>	<u>TOTAL</u>
A 1				
A 2				
A 3				
o				
o				
o				

INTEGRATED PROGRAM SUMMARY (IPS)
FORMAT

The IPS summarizes the implementation plan of the DoD Component for the complete acquisition cycle with emphasis on the phase the program is entering. Limit the IPS to 60 pages (inclusive of all annexes except Annex B) with no more than two pages required per topic. When further detail is available in a published study or plan, reference these documents in the IPS and provide them for inclusion in the Milestone Reference File (MRF). Do not classify the IPS higher than SECRET. When possible, display data in numerical or tabular format. The following annexes are mandatory:

- A. Resources - Cost Track Summary
- B. Resources - Funding Profile
- C. Resources - Summary of System Acquisition Costs
- D. Manpower
- E. Logistics

Include the topics indicated below in the IPS. If a specific item cannot be discussed due to the nature or timing of the acquisition process, provide a statement and explanation to that effect.

1. Program History. Summarize previous milestone decisions and guidance, PPBS decisions, and significant Congressional actions affecting the program.

2. Program Alternatives. In addition to the program proposed by the DoD Component in the DCP, briefly describe each DCP alternative program, including its advantages and disadvantages. Do not duplicate data in the IPS annexes.

3. Cost Effectiveness Analysis. Summarize the assumptions, methodology, status, and results of any cost-effectiveness analyses prepared in support of the milestone decision. This section shall contain specific discussions of those aspects of the analyses that relate to the issues identified at the Milestone Planning Meeting. If the analysis supporting the recommended milestone decision is not complete at the time the IPS is submitted, describe the analytical and coordination tasks remaining and provide a schedule for completion of the analysis before the scheduled DSARC meeting.

4. Threat Assessment. Provide an up-to-date summary of the threat, including discussion of CIPs. At Milestones I, II, and III, a reaffirmation of program need shall be included.

5. System Vulnerability. Describe vulnerability to detection, interference, and attack and program actions to minimize these vulnerabilities. Nuclear and nonnuclear survivability and endurance information shall be summarized.

6. Organizational and Operational Concept. Describe the organizational structure associated with the system and the general system operational concept. Describe a typical mission profile or profiles and activity rates (wartime and peacetime).

7. Overview of Acquisition Strategy. Describe the overall strategy to acquire and deploy a system to satisfy the mission need, referring to but not repeating other sections of the IPS. Discuss the rationale for any deviations from acquisition process prescribed in DoD Directive 5000.1 (reference (b)) and this Instruction. Emphasis should be on the next phase of the acquisition process.

8. Technology Assessment. Summarize the degree to which technology planned for use in this program has been demonstrated. Identify technology risks and activities planned to reduce these risks. Discuss nuclear hardening technology and associated risks, as appropriate.

9. Contracting. Provide a summary of information in the contracting plan. At a minimum, include: (a) the overall program contracting plan (introduction and maintenance of competition throughout the system life-cycle and plans for competitive breakout of components by both the government and the contractors); (b) contractor performance under contracts in the current program phase; and (c) major contracts to be awarded in the next program phase (summary of workscope, contract types, sources solicited and selected, scheduled award dates, special terms or conditions, data rights, warranties, estimated cost or price including incentive structures). When appropriate, reference other portions of the IPS or documents in the MRF for additional detail. Do not include contractor sensitive data in this paragraph.

10. Manufacturing and Production. Summarize the system's production plan concentrating on those areas appropriate to the next phase. Refer to DoD Directive 5000.34 (reference (o)). Additionally:

a. At Milestone I. Identify new manufacturing technology needed for each concept considered for demonstration and validation. Also identify deficiencies in the U.S. industrial base and availability of critical materials.

b. At Milestone II. Describe areas of production risk and provisions for attaining a producible design during the Full-Scale Development phase and identify requirements for parts control, long lead procurement, and limited production.

c. At Milestone III. Summarize the results of the production readiness review and address the existence of a manufacturing design. Include nuclear hardening design in the summary, if appropriate. If the review is not complete at the time the IPS is submitted, describe the tasks remaining and provide a schedule for completion prior to the scheduled DSARC meeting.

11. Data Management. Discuss how general engineering and data requirements imposed on contractors shall be selected and tailored to fit the particular needs of the program and the program manager and the degree of configuration management that shall be applied to the program.

a. Application. Identify exceptions to use of approved specification, standards, their related technical and engineering data, special reports, terminology, data elements and codes to be used for program management. Refer to DoD Directive 5000.19 (reference (p)) and to DoD Directive 4120.21 (reference (q)).

b. Work Breakdown Structure (WBS). Identify and explain any deviations from MILSTD 881A (reference (r)).

c. Contractor Data Base. Discuss how the contractor's internal data base shall be validated and used to provide essential information. Discuss also whether or not contractor data products can be used as substitutes for DoD required reports.

d. Levels of Details. Discuss how reporting burdens shall be minimized by using the highest level of the WBS that can serve management needs.

12. Configuration Management. Identify interfacing systems and discuss the degree of configuration management planned for each phase. Also, explain any intended deviations from DoD Directive 5010.19 (reference (n)).

13. Test and Evaluation. Describe test results to date and future test objectives. Based on the Test and Evaluation Master Plan, include a narrative description of the overall test strategy for both Development Test and Evaluation and Operational Test and Evaluation. Refer to DoD Directive 5000.3 (reference (l)).

14. Cost. Address the elements listed below. Make the discussion consistent with Annexes A, B, and C and address such displays in expanded detail, if appropriate.

a. Life-Cycle Cost. Discuss the underlying assumptions pertaining to the life-cycle cost estimates, including the impact of Foreign Military Sales, cooperative development or production, planned production rates, and learning curves for each of the alternatives in the DCP.

b. Cost Control. Discuss cost control plans to include the following items:

(1) Assumptions on which the proposed program cost thresholds were determined.

(2) Proposed Design-to-Cost goals and how they shall be implemented at the contract level. Refer to DoD Directive 5000.34 (reference (o)) and to DoD Directive 5000.28 (reference (s)).

(3) Exceptions to implementation of Cost/Schedule Control Systems Criteria and alternative cost control procedures to be used. Refer to DoD Instruction 7000.2 (reference (t)).

c. Production

(1) Milestone I. Discuss the economics for establishing a second production source for the preferred alternative. Estimate the increased costs or savings from competitive production sources. Production quantities and production rates for this estimate shall be determined at the Milestone Planning Meeting.

(2) Milestones II and III. Provide an analysis of variation in unit cost with production rate which identifies efficient production rates.

d. Programing and Budgeting. Discuss the sources and applications of funds, as necessary, to explain IPS Resource Annex C.

15. Logistics. Summarize information contained in the Integrated Logistics Support Plan and present related management issues and risk areas. Display backup data in Annex E. Refer to DoD Directive 4100.35 (reference (m)). Additionally:

a. At Milestone I

(1) Identify mission requirements (including any NATO member requirements) that significantly impact upon system design features and support concepts.

(2) Identify subsystems and logistic elements that drive support cost and readiness of similar current systems and identify areas for improvement in new system design efforts.

(3) Identify subsystems and major items of equipment that are common to other programs and systems and describe standardization approach.

(4) Define the support concept alternatives to be considered, including the levels of maintenance for each alternative.

(5) Identify major support equipment requiring new development.

(6) Identify new technology items that require advances in repair technology.

(7) Identify all estimated RDT&E funding to be allocated to support planning and analysis by program phase.

b. At Milestones II and III. Update the information provided at the previous milestone. Additionally:

(1) Identify R&M test results to date and the quantitative effect on support resource requirements, such as manpower, spares, depot maintenance, to meet readiness objectives.

(2) Estimate the capability of current and planned support systems to meet logistic objectives, such as resupply time, maintenance turn-around-time, and automatic test equipment production rate and capacity.

(3) Identify contract provisions for logistics support, such as parts control and interim contractor support. Do not repeat information contained in the Contracting section of the IPS.

(4) Identify any subsystems considered for long-term contractor support and the analysis leading to contractor support decisions.

(5) Provide a reference to the document that includes the leadtimes and activation dates for each level of organic support capability.

16. Reliability and Maintainability. Define each R&M parameter that applies to the system proposed in the DCP and summarize R&M achievements of the preceding phase. Describe R&M requirements for the next phase. Additionally:

a. At Milestone I. Establish a tentative design goal (or a range of values) at the system level for each applicable R&M parameter. These goals shall be responsive to projected needs of the mission area and realistic in comparison to measured R&M values of similar systems.

b. At Milestone II

(1) Show that operational R&M problems, typical of similar systems, have been addressed in design, by careful selection of GFE, and by tailoring operating and support concepts.

(2) Identify major GFE elements of the new system and provide some indication of how reliable and maintainable they are in similar applications. State the source of this information.

(3) Establish a specific goal and threshold for each applicable R&M parameter to be attained prior to Milestone III.

(4) Display predicted R&M growth as a series of intermediate points associated with thresholds for full-scale development.

c. At Milestone III. Display predicted R&M growth as a series of intermediate points associated with thresholds for production and deployment.

17. Quality. Summarize the independent quality assessments required by DoD Directive 4155.1 (reference (j)) and provide the status of action taken or in process as a result of the recommendations contained in the independent quality assessments.

18. Manpower. Specify the system activity level used to estimate and compute the system manpower requirements presented in the annex. Indicate whether this activity represents a combat surge, sustained combat, pre-combat readiness, or other posture (specify). Also specify the available hours per person, per month used to compute numbers of people from work-load estimates (not required at Milestone I). List any other critical assumptions that have a significant bearing on manpower requirements. Discussion of manpower requirements shall be consistent with Annex D and provide supporting detail as appropriate. Additionally:

a. At Milestone I

(1) Summarize manpower sensitivity to alternative employment concepts being considered.

(2) Identify parameters and innovative concepts to be analyzed during the next phase such as: new maintenance concepts and organization; new concepts or technologies to improve personnel proficiency and performance.

b. At Milestone II

(1) Summarize the significant manpower implications of trade-offs conducted among hardware design, support characteristics, and support concepts.

(2) Explain briefly significant manpower differences in comparison with a reference system, considering design, support concept, and employment objective. The reference system should be one that is being replaced by the new system, performs a similar function, or has similar technological characteristics.

(3) Quantify the sensitivity of manpower requirements to the proposed maintenance related reliability and maintainability goals and to system activity rates.

(4) Describe the sources of manpower for the new system. Summarize projected requirements versus projected DoD Component assets in critical career fields. Identify new occupations that may be required.

(5) Include schedules for:

(a) Further trade-off analyses among design and support elements impacting manpower,

(b) Job task identification,

(c) The manpower analyses planned during full-scale development, and

(d) Planned T&E to verify the manpower estimates and underlying assumptions.

c. At Milestone III

(1) Explain changes from manpower estimates presented at the previous milestone. Quantify manpower sensitivity to the maintenance related reliability and maintainability levels demonstrated, to those proposed, and to system activity levels (including wartime surge).

(2) Identify shortfalls in meeting requirements by occupation. Assess the impact on system readiness of failure to obtain required personnel. Identify new occupations not yet approved and programed into DoD Component personnel and training systems.

(3) Summarize plans for evaluating manpower requirements during follow-on test and evaluation.

19. Training

a. At Milestone I. Identify any significant differences in the training implications of the alternative system considered.

b. At Milestone II and III

(1) Summarize plans for attaining and maintaining the required proficiency of operating and support personnel, quantifying the scope and duration of formal training, time in on-the-job and unit training, use of simulators and other major training devices in formal and unit training and use of other job performance and training aids. Identify anticipated savings from use of simulators or other training devices.

(2) Provide a summary by fiscal year and occupation of all formal training requirements for the proposed system, identifying numbers of personnel trained and training costs (including facility modifications). Separately identify the net impact on special emphasis training programs such as undergraduate flight training.

c. At Milestone III Also

(1) Summarize plans and additional resources required to train the initial component of operating and support personnel for unit conversion to fielded systems.

(2) Summarize plans for training reserve component personnel whose mission requires operation or support of the system.

(3) Reference plans for validation of proficiency criteria and personnel performance.

20. Facilities. Describe any new government or industry facilities required for production or support of the system. Summarize how these facilities are to be made available. Identify cost and schedule constraints, such as training, testing or maintenance, imposed by facilities limitations.

21. Energy, Environment, Health and Safety. Summarize the environmental and energy impacts of developing, producing, and operating the DCP systems alternatives.

a. Specifically, for energy considerations:

(1) At Milestone I. Establish tentative design goals, or range of values, for energy efficiency and substitution at the system level that are responsive to projected needs of the mission area. These goals should be shown in comparison to energy efficiency and substitution capability of similar systems.

(2) At Milestone II. Establish firm energy related goals when appropriate and state trade-offs made between the design, operating concepts, simulators, and any substitution objectives.

(3) At Milestone III. Review energy consumption projections and efficiencies and their sensitivities to system populations.

b. Additionally, prior to the Milestone II and III decisions, summarize the results of system health and safety analyses and assessments and specify actions pending on any unresolved significant system health or safety hazards. Cite management decisions, if any, to accept the risks associated with significant identified hazards.

c. List environmental documentation prepared in accordance with DoD Directive 6050.1 (reference (i)).

22. Computer Resources. Address the following factors:

(a) Interface requirements.

(b) Computer programs and documentation required to support the development, acquisition, and maintenance of computer equipment and other computer programs.

(c) Plans for maintenance and update of software after initial system operating capability has been achieved.

23. International Programs. Summarize action taken with regard to NATO RSI considerations listed in paragraph E.14. of the basic Instruction and identify approved, pending, and potential Foreign Military Sales.

REPORT 1 - COST TRACK SUMMARY I
(Millions of Dollars)

	FY Constant (Base Year) 5			Escalated 5
	Planning/ Development Estimate 2	SDPM (Date) 3	Current Estimate 4	Current Estimate 4
DEVELOPMENT PHASE				
RD&E				
Validation Phase				
Full Scale Development				
Contractors				
(Provide one level of WBS indenture based on program requirements)				
In-House				
(Provide one level of WBS indenture based on program requirements)				
Contingency (Service)				
TOTAL RD&E APPROPRIATION				
MILCON				
O&M 5				
MILPERS 5				
TOTAL DEVELOPMENT PHASE				
PRODUCTION PHASE				
PROCUREMENT				
System Cost 7				
Flyaway				
() 6				
() 6				
() 6				
() 6				
(Provide one level of WBS indenture based on program requirements)				
Other System Costs				
Initial Spares				
Other Line Item Procurement 8				
TOTAL PROCUREMENT APPROPRIATION				
MILCON				
O&M 5				
MILPERS 5				
TOTAL PRODUCTION PHASE				
TOTAL OPERATING & SUPPORT PHASE				
TOTAL LIFE CYCLE REQUIREMENTS				
AVERAGE ANNUAL SYSTEM O&S COSTS				
No. of Systems: No. of Years:				

- 1 Apply footnotes as required to explain the chart. Adjustments to format are authorized to accommodate program; stub entries will be decided on at the initial Milestone Planning Meeting. Definitions should be in accordance with DoD Instruction 5000.33 (reference (a)).
 - 2 Identify basis for estimate and date of SDPM.
 - 3 Add columns as necessary for each SDPM revision.
 - 4 The preferred alternative or the latest approved baseline cost estimate contained in the SDPM will be shown in both constant and current (escalated) estimate columns.
 - 5 Other Life Cycle related costs (i.e., Installation, Project Manager Office, Civilian Salaries, etc.) funded by O&M and MILPERS during Development and/or Production phase.
 - 6 Enter Quantity.
 - 7 Equal to Weapon System Cost as defined in DoD Instruction 5000.33 (reference (a)).
 - 8 Production Base Support (Industrial Facilities), shore-based training facilities, and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the Procurement Budget. Identify the content of this entry.
- NOTE:** Reasons for significant variations in estimate should be explained by footnote (e.g., schedule slippage, Congressional funding, etc.).

IFS ANNEX B
RESOURCES - FUNDING PROFILE ¹
(Dollars in Millions)

Mar 19, 80
5000.2 (Annex B to Encl 4)
Annex to be completed for each alternative:
1) In Constant (base) year dollars
2) In Escalated dollars using current
FDP rates and growth rules

	FY 19__ PRIOR	FY 19__	TOTAL PROGRAM					
Acquisition Quantities to be Procured ² Development Production Deliveries								
DEVELOPMENT PHASE RDT&E Validation Phase Full Scale Development Phase Other System Costs TOTAL RDT&E APPROPRIATION MILCON O&M ³ MILPERS ³ TOTAL DEVELOPMENT PHASE								
PRODUCTION PHASE PROCUREMENT ⁴ System Cost ⁵ Flyaway, Followaway, Sailaway Other System Costs Initial Spares Other Line Item Procurement ⁶ TOTAL PROCUREMENT APPROPRIATION MILCON O&M ³ MILPERS ³ TOTAL PRODUCTION PHASE								
OPERATING AND SUPPORT PHASE MILPERS O&M Procurement ⁷ TOTAL OPERATING AND SUPPORT PHASE								

- ¹ Apply footnotes as required to explain the chart. Adjustments to format are authorized to accommodate program; stub entries will be decided on at the Initial Milestone Planning Meeting. Definitions should be in accordance with DoD Instruction 5000.33 (reference (u)). Use as many columns as necessary to show every year of acquisition funding and operation and support funding until steady state operations are achieved.
- ² Identify the number of Development and Production units to be acquired by fiscal year.
- ³ Other Life Cycle related costs (i.e., Installation, Project Manager Office, Civilian Salaries, etc.) funded by other appropriations; e.g., O&M and MILPERS during Development and/or Production phase.
- ⁴ Enter the costs by appropriation; e.g., Aircraft Procurement, Missile Procurement, Ships Construction Navy, or Other Procurement. If more than one applies, identify it separately.
- ⁵ Equal to Weapon System Cost as defined in DoD Instruction 5000.33 (reference (u)).
- ⁶ Production Base Support (Industrial Facilities), shore-based training facilities, and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the Procurement Budget. Identify the content of this entry.
- ⁷ Procurement costs associated with operating and owning a weapon system such as modifications, replenishment spares, ground equipment, etc.

IPS ANNEX C
RESOURCES - SUMMARY OF SYSTEM ACQUISITION COSTS ¹

<u>SOURCES OF FUNDING</u>	<u>CURRENT DOLLARS (MILLIONS)</u>
Department of the Army	\$XXXXXX
Program Element XXXXX	<u>\$XXXXXX</u>
Program Element XXXXX	<u>XXXXXX</u>
Department of the Navy	XXXXXX
Program Element XXXXX	<u>\$XXXXXX</u>
Department of the Air Force	XXXXXX
Program Element XXXXX	<u>\$XXXXXX</u>
Defense Agencies	XXXXXX
Program Element XXXX	<u>\$XXXXXX</u>
Other U.S. Government	XXXXXX
Other Foreign	<u>XXXXXX</u>
TOTAL FUNDING	\$XXXXXX

<u>APPLICATIONS</u>	<u>CURRENT DOLLARS (MILLIONS)</u>
Major System Equipment	\$XXXXXX
System Project Manager	XXXXXX
System Test and Evaluation	XXXXXX
Peculiar Support Equipment	XXXXXX
Training	XXXXXX
Data	XXXXXX
Operational Site Acquisition	XXXXXX
Industrial Facilities	XXXXXX
Common Support Equipment	XXXXXX
Initial Spares and Repair Parts	<u>XXXXXX</u>
TOTAL FUNDING	\$XXXXXX

¹ Refer to DoD Instruction 5000.33 (reference (u)).

IPS ANNEX D
MANPOWER

The IPS will have a one page Manpower annex including the following:

A. Current manpower estimate for military force structure:¹

² UNIT TYPE	UNIT MANNING ³		NO. OF ⁴ UNITS	PROGRAM TOTALS ⁵		
	PROGRAM ALTERNATIVE	REFERENCE SYSTEM		ACTIVE MILITARY	RESERVE COMPONENT	OTHER

B. Contractor support and depot workload (Annual manhours per end item deployed):

DSARC System Reference System

Contractor Support (below depot)

Depot Level Workload

C. Net Change in Total Force Manpower associated with the proposed system deployment:

Active Forces Reserves DoD Civilians

Number of Authorizations

- 1 Not required at Milestone 1.
- 2 List each unit type that will operate the system/primary system elements, including unit types that provide intermediate maintenance of system components. Examples of unit types are "Tank Battalion," "Munitions Maintenance Squadron," "Avionics Intermediate Maintenance Department."
- 3 For each unit type, show the manning required to satisfy the most demanding mission (normally combat employment, but may be pre-combat readiness for certain naval vessels and systems on alert). Show total unit manning for operating units, organizational level direct support units, and dedicated intermediate support units. For units that provide intermediate level support to many primary systems, such as naval shore based intermediate maintenance departments, show manning equivalent of the man years of work attributable to program the alternative. Denote manning equivalents with an asterisk.

- 4 Number of units of each type in the planned force structure for the program alternative.
- 5 Multiply number of units by unit manning, and equivalent manning by quantity of systems deployed, to obtain total manning required for units operating and/or supporting the program alternative system. Show how these requirements are expected to be satisfied as: active military authorizations, reserve component authorizations, and/or other to be identified in footnote. Unprogramed requirements must be shown as "other."
- 6 Annual man years of below-depot contractor support divided by the planned quantity of the system in the force structure, and the annual man years for depot level maintenance of the system and its components divided by the planned quantity of the system in the force structure. Not required at Milestone I.

IPS ANNEX E
LOGISTICS

The IPS will have a one-page Logistics Annex. The following provides general format guidance, but should be tailored to meet the needs of each new system.

	New System ¹			Current System ²
	Alt. 1	Alt. 2	Alt. 3	
1. System Readiness Objectives				
Peacetime Readiness 3				
Wartime Employment 4				
2. Design Parameters				
Reliability 5				
Maintainability 6				
Built-in-test Effectiveness 7				
3. Logistics Parameters				
Resupply Time				
Spares Requirement 8				

- 1 Include one column for each program alternative. For each parameter provide an estimate at system maturity based on analyses and tests to date.
- 2 Identify a comparable system in current operation.
- 3 Appropriate peacetime measures such as Operational Readiness at peacetime utilization rate, supply and maintenance downtime rates.
- 4 Appropriate wartime measure for the system such as sortie generation rate, operational availability at combat utilization rate, station coverage rate.
- 5 Appropriate logistic-related reliability parameters such as mean time between maintenance actions or removals.
- 6 Appropriate maintainability measures for the system such as mean time to repair, maintenance manhours per maintenance action.
- 7 If applicable to the system, include fault detection, fault isolation, and false alarm rates.
- 8 Estimate of spares investment required to meet system readiness objectives at stated logistic-related reliability levels. May be stated as requirement per site or operating unit, or for entire fleet, as appropriate.

Mar 19, 80
5000.2 (Encl 5)

DOD POLICY ISSUANCES RELATED
TO ACQUISITION OF MAJOR SYSTEMS

A. DEFENSE ACQUISITION REGULATION
(FORMERLY ARMED SERVICES PROCUREMENT REGULATION)

B. ADMINISTRATION - GENERAL

- 4105.55 (D) Selection and Acquisition of Automatic Data Processing Resources
- 4275.5 (D) Acquisition and Management of Industrial Resources
- 5000.4 (D) OSD Cost Analysis Improvement Group
- 5000.16 (D) Joint Logistics and Personnel Policy and Guidance (JCS Publication No. 3)
- 5000.23 (D) System Acquisition Management Careers
- 5000.29 (D) Management of Computer Resources in Major Defense Systems
- 5100.40 (D) Responsibility for the Administration of the DoD Automatic Data Processing Program
- 5220.22 (D) Department of Defense Industrial Security Program
- 5500.15 Review of Legality of Weapons Under International Law
- 7920.1 (D) Life Cycle Management of Automated Information Systems (AIS)
- 7920.2 (D) Major Automated Information System Approval Process

C. ADMINISTRATION - STANDARDIZATION OF TERMINOLOGY

- 5000.8 Glossary of Terms Used in the Areas of Financial, Supply and Installation Management
- 5000.9 (D) Standardization of Military Terminology
- 5000.11 (D) Data Elements and Data Codes Standardization Program
- 5000.33 Uniform Budget/Cost Terms and Definition

D. COMMUNICATION/INFORMATION MANAGEMENT

- 5000.19 (D) Policies for the Management and Control of Information Requirements
- 5000.20 (D) Management and Dissemination of Statistical Information
- 5000.22 Guide to Estimating Cost of Information Requirements
- 5000.32 DoD Acquisition Management Systems and Data Requirements Control Program
- 5230.3 (D) Information Releases by Manufacturers
- C-5230.3 (D) Public Statements on Foreign and Military Policy and on Certain Weapons (U)
- 5230.4 (D) Release of Information on Atomic Energy, Guided Missiles and New Weapons
- 5230.9 (D) Clearance of Department of Defense Public Information
- 5400.4 (D) Provision of Information to Congress
- 5400.7 (D) Availability to the Public of Department of Defense Information

E. CONTRACT MANAGEMENT

- 1100.11 (D) Equal Employment Opportunity, Government Contracts
- 4000.19 (D) Basic Policies and Principles for Inter-service, Interdepartmental and Interagency Support
- 4105.60 Department of Defense High Dollar Spare Parts Breakout Program
- 4105.62 (D) Selection of Contractual Sources for Major Defense Systems
- 4140.41 Government-Owned Materiel Assets Utilized as Government-Furnished Materiel for Major Acquisition Programs
- 4160.22 (D) Recovery and Utilization of Precious Metals

- 5010.8 (D) DoD Value Engineering Program
- 7800.1 (D) Defense Contract Financing Policy

F. INTEGRATED LOGISTICS

- 4100.35 (D) Development of Integrated Logistic Support for Systems/Equipments
- 4130.2 (D) The Federal Catalog System
- 4140.19 Phased Provisioning of Selected Items for Initial Support of Weapons Systems, Support Systems, and End Items of Equipment
- 4140.40 (D) Basic Objectives and Policies on Provisioning of End Items of Materiel
- 4140.42 Determination of Initial Requirements for Secondary Item Spare and Repair Parts
- 4151.7 Uniform Technical Documentation for Use in Provisioning of End Items of Materiel
- 4151.15 Depot Maintenance Programming Policies
- 5100.63 Provisioning Relationships Between the Military Departments/Defense Agencies and Commodity Integrated Materiel Managers

G. INTERNATIONAL COOPERATION

- 2000.3 (D) International Interchange of Patent Rights and Technical Information
- 2000.9 (D) International Co-Production Projects and Agreements Between the U.S. and other Countries or International Organizations
- 2010.6 (D) Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization (NATO)
- 2010.7 (D) Policy on Rationalization of NATO/NATO Member Telecommunication Facilities
- 2015.4 Mutual Weapon Development Data Exchange Program (MWDDEP) and Defense Development Exchange Program (DDEP)
- 2035.1 (D) Defense Economic Cooperation with Canada

- 2045.2 Agreements with Australia and Canada for Qualification of Products of Non-Resident Manufacturers
- 2100.3 (D) United States Policy Relative to Commitments to Foreign Governments Under Foreign Assistance Programs
- 2140.1 Pricing of Sales of Defense Articles and Defense Services to Foreign Countries and International Organizations
- 2140.2 (D) Recoupment of Nonrecurring Costs on Sales of USG Products and Technology
- 3100.3 (D) Cooperation with Allies in Research and Development of Defense Equipment
- 3100.4 (D) Harmonization of Qualitative Requirements for Defense Equipment of the United States and Its Allies
- 3100.8 The Technical Cooperation Program (TTCP)
- 4155.19 NATO Quality Assurance
- 5100.27 (D) Delineation of International Logistics Responsibilities
- 5230.11 (D) Disclosure of Classified Military Information to Foreign Governments and International Organizations
- 5230.17 (D) Procedures and Standards for Disclosure of Military Information to Foreign Activities
- 5530.3 (D) International Agreements

H. PLANS - CONSERVATION OF RESOURCES

- 4170.9 Defense Contractor Energy Shortages and Conservation
- 6050.1 (D) Environmental Effects on the United States of DoD Actions

I. PLANS - MATERIAL AVAILABILITY, WAR RESERVE AND MOBILIZATION

- 3005.5 (D) Criteria for Selection of Items for War Reserve
- 4005.1 (D) DoD Industrial Preparedness Production Planning
- 4005.3 Industrial Preparedness Production Planning Procedures
- 4005.16 (D) Diminishing Manufacturing Sources and Material Shortages (DMSMS)
- 4100.15 (D) Commercial or Industrial-Type Activities
- 4151.16 (D) DoD Equipment Maintenance Program
- 4210.1 Department of Defense Coded List of Materials
- 4210.7 Controlled Materials Requirements
- 4210.8 Department of Defense Bills of Materials
- 4410.3 Policies and Procedures for the DoD Master Urgency List (MUL)
- 4410.4 (D) Military Production Urgencies System
- 5160.54 (D) Industrial Facilities Protection Program - DoD Key Facilities List
- 5220.5 (D) Industrial Dispersal

J. PRODUCTION, QUALITY ASSURANCE, TEST AND EVALUATION

- 4155.1 (D) Quality Program
- 4200.15 Manufacturing Technology Program
- 5000.3 (D) Test and Evaluation
- 5000.34 (D) Defense Production Management
- 5000.38 (D) Production Readiness Reviews
- 5010.20 (D) Work Breakdown Structures for Defense Materiel Items

5160.65 (D) Single Manager Assignment for Conventional Ammunition

K. RESOURCE MANAGEMENT

7000.1 (D) Resource Management Systems of the Department of Defense

7000.2 Performance Measurement for Selected Acquisitions

7000.3 Selected Acquisition Reports (SAR)

7000.10 Contract Cost Performance, Funds Status and Cost/Schedule Status Reports

7000.11 Contractor Cost Data Reporting (CCDR)

7041.3 Economic Analysis and Program Evaluation for Resource Management

7045.7 The Planning, Programming and Budgeting System

7200.4 (D) Full Funding for DoD Procurement Programs

L. TECHNICAL MANAGEMENT - GENERAL

1130.2 (D) Management and Control of Engineering & Technical Services

4630.5 (D) Compatibility and Commonality of Equipment for Technical Command and Control, and Communications

5010.12 Management of Technical Data

5010.19 (D) Configuration Management

5100.30 (D) Worldwide Military Command and Control Systems (WWMCCS)

5100.36 (D) Department of Defense Technical Information

5100.38 Defense Documentation Center for Scientific and Technical Information (DDC)

5100.45 Centers for Analysis of Scientific and Technical Information

5200.20 (D) Distribution Statements on Technical Documents

5200.21 Dissemination of DoD Technical Information

4500.41 Transportation Container Adaptation and
 Systems Development Management

C-4600.3 (D) Electric, Counter-Counter Measures (ECCM)
 Policy (U)

4630.5 (D) Compatability and Commonality of
 Equipment for Tactical Command and
 Control and Communications

5000.28 (D) Design-to-Cost

5000.36 System Safety Engineering and Management

5000.37 Acquisition and Distribution of Commercial
 Products

5100.50 (D) Protection and Enhancement of Environmental
 Quality

5148.7 (D) The Joint Tactical Communications
 (TRI-TAC) Program

6055.2 Personal Protective Equipment



December 26, 1979
NUMBER 5000.3

USDR&E

Department of Defense Directive

SUBJECT: Test and Evaluation

- Reference:
- (a) DoD Directive 5000.3, "Test and Evaluation," April 11, 1978 (hereby canceled)
 - (b) DoD Directive 5000.1, "Major System Acquisitions," January 18, 1977
 - (c) DoD Directive 5000.2, "Major System Acquisition Process," January 18, 1977
 - (d) DoD Directive 3200.11 "Use, Management and Operation of Department of Defense Major Ranges and Test Facilities," June 18, 1974
 - (e) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976

A. REISSUANCE AND PURPOSE

This Directive reissues reference (a) and establishes policy for the conduct of test and evaluation in the acquisition of defense systems; designates the Director Defense Test and Evaluation (DDTE) as having overall responsibility for test and evaluation matters within the Department of Defense; defines responsibilities of the DDTE, organization of the Joint Chiefs of Staff (OJCS) and DoD Components; and provides guidance for the preparation and submission of Test and Evaluation Master Plans.

B. APPLICABILITY AND SCOPE

1. The provisions of this Directive apply to the Military Departments and the Defense Agencies (hereafter referred to as "DoD Components"), the Office of the Secretary of Defense (OSD), the OJCS, and the Unified and Specified Commands. As used herein, the term "Military Services" refers to the Army, Navy, Air Force, and Marine Corps.

2. These provisions encompass major defense system acquisition programs, as designated by the Secretary of Defense under DoD Directive 5000.1 (reference (b)), and apply to all DoD Components that are responsible for such programs. In addition, the management of system programs not designated as major system acquisitions shall be guided by the principles set forth in this Directive.

C. DEFINITIONS

Terms used in this Directive are defined in enclosure 1.

D. POLICIES AND RESPONSIBILITIES

1. General

a. Test and evaluation (T&E) shall begin as early as possible and be conducted throughout the system acquisition process to assess and reduce acquisition risks and to estimate the operational effectiveness and operational suitability of the system being developed. Meaningful critical issues, test objectives, and evaluation criteria related to the satisfaction of mission need shall be established before tests begin.

b. Successful accomplishment of T&E objectives will be a key requirement for decisions to commit significant additional resources to a program or to advance it from one acquisition phase to another. Acquisition schedules, financial plans, and contractual arrangements shall be based on this principle.

c. Dependence on subjective judgment concerning system performance shall be minimized during testing. To the extent permitted by resource constraints and the need for realistic test environments, appropriate test instrumentation will be used to provide quantitative data for system evaluation.

2. Development Test and Evaluation (DT&E). DT&E is that T&E conducted to assist the engineering design and development process and to verify attainment of technical performance specifications and objectives. DT&E is normally accomplished or managed by the DoD Component's materiel development agency. It includes T&E of components, subsystems, hardware/software integration, related software, and prototype or full-scale engineering development models of the system. T&E of compatibility and interoperability with existing or planned equipment and systems are also included.

a. During the system acquisition phase before the decision Milestone I, DT&E shall be accomplished, when appropriate, to assist in selecting preferred alternative system concepts.

b. Before the Milestone II decision, adequate DT&E shall be accomplished to identify the preferred technical approach, including the identification of technical risks and feasible solutions.

c. Before the Milestone III decision, adequate DT&E shall be accomplished to ensure that engineering is reasonably complete (including survivability/ vulnerability, compatibility, transportability, interoperability, reliability, maintainability, safety, human

Dec 26, 79
5000.3

factors, and logistic supportability), that all significant design problems have been identified, and that solutions to these problems are in hand.

d. After the Milestone III decision, DT&E shall be an integral part of the development, acceptance, and introduction of system changes to improve the system, react to new threats, and reduce life cycle costs.

e. For systems that interface with equipment of another DoD Component or that may be acquired by more than one DoD Component, multiservice DT&E may be required. Such testing shall include appropriate participation and support by all affected DoD Components.

f. The DoD Component's developing agency shall structure acquisition programs, make information available, and arrange for the DoD Component's independent operational test and evaluation (OT&E) agency's participation in development testing, as appropriate, to support OT&E objectives.

3. Operational Test and Evaluation (OT&E). OT&E is that T&E conducted to estimate a system's operational effectiveness and operational suitability, identify needed modifications, and provide information on tactics, doctrine, organization, and personnel requirements. Acquisition programs shall be structured so that OT&E begins as early as possible in the development cycle. Initial operational test and evaluation (IOT&E) must be accomplished prior to the Milestone III decision.

a. In each DoD Component there shall be one major field agency, separate and distinct from the materiel developing/procuring agency and from the using agency, responsible for managing operational testing and for reporting test results and its independent evaluation of the system under test directly to the Military Service Chief or Defense Agency Director.

b. OT&E shall be accomplished in an environment as operationally realistic as possible. Typical operational and support personnel will be used to obtain a valid estimate of the users' capability to operate and maintain the system when deployed under both peacetime and wartime conditions.

c. During the system acquisition phase before the Milestone I decision OT&E will be accomplished, as appropriate, to assess the operational impact of candidate technical approaches and to assist in selecting preferred alternative system concepts.

d. Before the Milestone II decision OT&E will be accomplished, as necessary, to examine the operational aspects of the selected alternative technical approaches and estimate the potential operational effectiveness and suitability of candidate systems. Decisions made at Milestone

II to commit funds for production long lead items or limited production must be supported by OT&E results.

e. Before the Milestone III decision, adequate OT&E shall be accomplished to provide a valid estimate of the system's operational effectiveness and suitability. The items tested must be sufficiently representative of the expected production items to ensure that a valid assessment can be made of the system expected to be produced.

f. After the Milestone III decision during initial production and deployment of the system, the DoD Component's OT&E agency will manage follow-on OT&E (FOT&E), as necessary, to ensure that the initial production items meet operational effectiveness and suitability thresholds and to evaluate system, manpower, and logistic changes to meet mature system readiness and performance goals.

g. When systems have an interface with equipment of another DoD Component or may be acquired by more than one DoD Component, multiservice OT&E shall be accomplished. Such testing shall include participation and support by all affected DoD Components. An independent evaluation shall be submitted by the OT&E agency of each participating DoD Component.

h. Throughout the system acquisition process, the DoD Component's OT&E agency shall:

(1) Ensure that OT&E is effectively planned and accomplished during all acquisition phases.

(2) Participate in initial system acquisition planning and test design to ensure adequacy of the planned schedules, testing, and resources to meet OT&E objectives and to ascertain which portions of DT&E can contribute to the accomplishment of OT&E objectives.

(3) Monitor, participate in as appropriate, and review the results of DT&E to obtain information applicable to OT&E objectives.

(4) Ensure that the operational testing and applicable development testing, and data collected, are sufficient and credible to support its analysis and evaluation needs.

(5) Provide an independent evaluation of OT&E results at key decision milestones. The Milestone III evaluation shall include recommendations regarding the system's readiness for operational use.

(6) Bring directly to the attention of its Military Service Chief, or Defense Agency Director, issues which impact adversely upon the accomplishment of adequate OT&E.

4. Combining Development and Operational Testing. Planning for DT&E and OT&E shall be coordinated at the test design stages so that

Dec 26, 79
5000.3

each test phase uses resources efficiently to yield the data necessary to satisfy common needs of the materiel developing agency and the OT&E agency. Development and operational tests may be combined when clearly identified and significant cost and time benefits will result, provided that the necessary resources, test conditions, and test data required by both the developing agency and the OT&E agency can be obtained. Participation by the OT&E agency in the planning and execution of tests must be sufficient to ensure that the testing conducted and data collected are sufficient and credible to meet the OT&E agency's requirements. When a combined testing program is chosen, it will normally include dedicated operational test events, and the final period of testing prior to the Milestone III decision will emphasize appropriate separate operational testing managed by the DoD Component's OT&E agency. In all cases, the OT&E agency shall provide a separate and independent evaluation of the test results.

5. T&E for Major Ships of a Class. The long design, engineering, and construction period of a major ship will normally preclude completion of the lead ship and accomplishment of tests thereon prior to the decision to proceed with follow-on ships. In lieu thereof, successive phases of DT&E and OT&E shall be accomplished as early as feasible at land-based or sea-based test installations and on the lead ship to reduce risk and minimize the need for modification to follow-on ships.

a. When combat system complexity warrants, there shall be one or more combat system test installations constructed where the weapon, sensor, and information processing subsystems are integrated in the manner expected in the ship class. These test installations may be land-based, sea-based, or both, depending on test requirements. Adequate DT&E and OT&E of these integrated subsystems shall be accomplished prior to the first major production decision on combat systems. To the degree feasible, first generation subsystems shall be approved for Service use prior to the initiation of integrated operational testing. When subsystems cannot be Service-approved before this integrated operational testing, their operational suitability and effectiveness shall be examined at the test installation as early as possible in the acquisition cycle.

b. For new ship types that incorporate major technological advances in hull or nonnuclear propulsion design, a prototype incorporating these advances shall be employed. If the major technological advances affect only certain features of the hull or nonnuclear propulsion design, the test installation need incorporate only those features. Adequate T&E on such prototypes shall be completed before the first major production decision on follow-on ships.

c. The prototyping of Navy nuclear propulsion plants will be accomplished in accordance with the methods in use by the Department of Energy (DoE).

d. For all new ship classes, continuing phases of OT&E on the lead ship shall be conducted at sea as early in the acquisition process as possible for specified systems or equipment and, if required, for the full ship to the degree feasible.

e. A description of the subsystems to be included in any test installation or test prototype, the schedules to accomplish T&E, and any exceptions to the above policies shall be provided in the initial and any subsequent milestone decision documentation for approval by the Secretary of Defense.

6. Test and Evaluation of Computer Software. The provisions of this Directive apply to the software components of defense systems as well as to hardware components.

a. Quantitative and demonstrable performance objectives and evaluation criteria shall be established for computer software during each system acquisition phase. Testing shall be structured to demonstrate that software has reached a level of maturity appropriate to each phase. Such performance objectives and evaluation criteria shall be established for both full-system and casualty mode operations. For embedded software, performance objectives and evaluation criteria shall be included in the performance objectives and evaluation criteria of the overall system.

b. Decisions to proceed from one phase of software development to the next will be based on quantitative demonstration of adequate software performance through appropriate T&E.

c. Before release for operational use, software developed for either new or existing systems shall undergo sufficient operational testing as part of the total system to provide a valid estimate of system effectiveness and suitability in the operational environment. Such testing shall include combined hardware/software and interface testing under realistic conditions, using typical operator personnel. The evaluation of test results shall include an assessment of operational performance under other possible conditions which were not employed, but which could occur during operational use.

d. The OT&E agencies shall participate in the early stages of software planning and development to ensure that adequate consideration is given to the system's operational use and environment, and early development of operational test objectives and evaluation criteria.

7. T&E for One-of-a-Kind Systems. Some programs, particularly space, large-scale communications, and electronic system programs, involve procurement of a few items over an extended period. For these programs, the principles of DT&E of components, subsystems, and prototype or first production models of the system shall be applied. Compatibility and interoperability with existing or planned equipment shall be tested during DT&E and OT&E. OT&E shall be accomplished prior to the production decision or initial acceptance of the system to

provide a valid estimate of operational effectiveness and operational suitability. Subsequent OT&E may be conducted to refine estimates and ensure deficiencies are corrected.

8. Production Acceptance Test and Evaluation (PAT&E): PAT&E is T&E of production items to demonstrate that procured items fulfill the requirements and specifications of the procuring contract or agreements. Each DoD Component is responsible for accomplishing PAT&E.

9. T&E Master Plan (TEMP). The DoD Component shall prepare and submit, before Milestone I and each subsequent decision milestone, a TEMP for OSD approval. This broad plan shall relate test objectives to required system characteristics and critical issues, and integrate objectives, responsibilities, resources, and schedules for all T&E to be accomplished. Guidelines for preparation and submission of the TEMP are at enclosure 2.

10. Changes to TEMPs. The DoD Component shall ensure that any significant changes made in the test program after approval are reported promptly to the DDTE, with the reason for change.

11. Acquisition Milestone Decisions. The DDTE provides T&E assessments to support system acquisition milestone decisions. The DoD Components shall, in addition to providing the information specified in DoD Directive 5000.2 (reference (c)) and TEMPs in accordance with enclosure 2, provide the following additional information to the DDTE for use in making T&E assessments. When testing has been accomplished, appropriate test reports shall be provided as early as possible prior to milestone decision points. Other available supporting information including system operational concepts, how tests were accomplished, and test limitations shall be provided upon request of the DDTE. In addition, the DoD Component shall inform the DDTE of significant progress toward, or problems with, meeting significant test objectives during the conduct of test programs.

12. Joint T&E (JT&E) Program. When required and as initiated by the DDTE, JT&E will be conducted. In addition to examining the capability of developmental and deployed systems to perform their intended mission, JT&Es may also be conducted to provide information for technical concepts evaluation, system requirements, system improvements, systems interoperability, force structure planning, developing or improving testing methodologies, and obtaining information pertinent to doctrine, tactics, and operational procedures for joint operations. Testing shall be accomplished in realistic operational conditions, when feasible and essential to the evaluation. Responsibility for managing the practical aspects of each JT&E will be delegated to a specific DoD Component, and supported by forces and material from participating Components.

13. Participation by the Joint Chiefs of Staff (JCS) in JT&E Programs. As the proponent for joint procedures and interoperability

of deployed forces, the JCS have a requirement for JT&E results that provide information on joint doctrine, tactics, and operational procedures. Joint testing objectives will be addressed, when feasible, in conjunction with scheduled JCS exercises to minimize resource impact and provide economies. When JT&E and JCS exercises are integrated, the JCS will participate, as appropriate, in testing involving joint force interoperability to ensure compatibility of exercise and JT&E objectives.

a. The JCS shall annually coordinate, for submission to the DDTE, JT&E nominations by the Joint Staff, the Military Services, and the Commanders in Chief (CINC) of the Unified and Specified Commands. This does not preclude direct nominations to the DDTE from the Military Services or CINCs for JT&E activities that are inappropriate for JCS consideration or out of phase with the JCS nominations.

b. The list of nominations shall be prioritized for each fiscal year. To the extent feasible, it shall identify the participating Military Services, identify tests with potential for integration with JCS exercises, and recommend a lead Service or CINC to conduct the JT&E.

c. Control and OSD sponsorship of JT&E will be exercised by the DDTE. The DDTE, in coordination with the JCS, will task the selected lead Service or, through the JCS, the selected CINC to conduct the test, incorporate the test into joint exercises, as appropriate, appoint a Joint Test Director, develop the test plans, and provide reports, as required.

d. The Military Services, CINCs (if appropriate), and the Joint Staff shall participate in or monitor the JT&E definition and test design efforts, and coordinate the results of these before the commitment of resources.

E. WAIVERS

Waiver of the provisions of this Directive may be granted only by the Secretary of Defense.

F. EXCLUSIONS

Nuclear subsystem T&E governed by joint DoD/DoE agreements are excluded from the provisions of this Directive.

G. RESPONSIBILITIES OF THE DIRECTOR DEFENSE TEST AND EVALUATION

The Director Defense Test and Evaluation shall:

1. Review T&E policy and procedures applicable to the Department of Defense as a whole and recommend changes to the Secretary of Defense.

Dec 26, 79
5000.3

2. Coordinate T&E instructions to the DoD Components and resolve T&E management problems between DoD Components.
3. Monitor the T&E planned and conducted by the DoD Components for major acquisition programs and for other programs, as necessary.
4. Manage the consideration and review of TEMPs within OSD, and review and comment on system T&E aspects of DCPs and other documents concerned with system acquisition T&E.
5. For major system acquisition programs, provide to the Defense Acquisition Executive, the Defense System Acquisition Review Council (DSARC), the Worldwide Military Command and Control System Council, as appropriate, and the Secretary of Defense an assessment of the adequacy of testing accomplished, an evaluation of test results, and an assessment of the adequacy of testing planned for the future to support system acquisition milestone decisions.
6. Initiate and sponsor technically and operationally oriented JT&E with specific delegation to appropriate DoD Components of all practical JT&E aspects.
7. Fulfill OSD responsibilities for the Major Range and Test Facility Base (MRTFB) in accordance with DoD Directive 3200.11 (reference (d)).
8. Monitor, to the extent required to determine the applicability of results to system acquisitions or modifications, that T&E:
 - a. Directed by the JCS that relates to the Single Integrated Operational Plan (SIOP) as it affects system technical characteristics.
 - b. Conducted primarily for development or investigation of tactics, organization, or doctrinal concepts that affect system technical characteristics.
9. Review those program elements that relate to DoD Component independent test agency, test facility, and test resource budgets.

H. INFORMATION REQUIREMENTS

The reporting requirements prescribed by this Directive are exempt from formal approval and control in accordance with subparagraph VII.D. of enclosure 3 to DoD Directive 5000.19 (reference (e)).

I. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing documents to the Under Secretary of Defense for Research and Engineering within 120 days.

W. Graham Claytor, Jr.

W. Graham Claytor, Jr.
Deputy Secretary of Defense

Enclosures - 2

1. Definitions
2. Test and Evaluation Master Plan (TEMP) Guidelines

DEFINITIONS¹

Acquisition Risk. The chance that some element of an acquisition program produces an unintended result with adverse effect on system effectiveness, suitability, cost, or availability for deployment.

Availability. A measure of the degree to which an item is in an operable and committable state at the start of a mission when the mission is called for at an unknown (random) time.

Combat System Test Installation. A collection of subsystems including weapons, sensor, and information processing equipment, together with their interfaces installed, for the purposes of early testing before the availability of a first production item, at a fixed or mobile test facility designed to simulate the essential parts of the production item.

Critical Issues. Those aspects of a system's capability, either operational, technical, or other, that must be questioned before a system's overall worth can be estimated, and that are of primary importance to the decision authority in reaching a decision to allow the system to advance into the next acquisition phase.

Evaluation Criteria. Standards by which achievement of required operational effectiveness/suitability characteristics, or resolution of technical or operational issues may be judged. At Milestone II and beyond, evaluation criteria must include quantitative goals (the desired value) and thresholds (the value beyond which the characteristic is unsatisfactory).

JT&E Program. An OSD program for JT&E, sponsored by the DDTE, structured to evaluate or provide information on system performance, technical concepts, system requirements or improvements, systems interoperability, improving or developing testing methodologies, or for force structure planning, doctrine or procedures.

Logistic Supportability. The degree to which the planned logistics (including test equipment, spares and repair parts, technical data, support facilities, and training) and manpower meet system availability and wartime usage requirements.

Long Lead Items. Those components of a system or piece of equipment that take the longest time to procure and, therefore, may require an early commitment of funds in order to meet acquisition schedules.

¹Terms defined in JCS Pub. 1, "Department of Defense Directory of Military and Associated Terms," are not included except for the term "Vulnerability," for which supplementary information is provided concerning its specific application in this Directive.

Maintainability. The ability of an item to be retained in or restored to specified condition when maintenance is performed by personnel having specified skill levels, using prescribed procedures and resources, at each prescribed level of maintenance and repair.

Multiservice T&E. T&E conducted by two or more DoD Components for systems to be acquired by more than one DoD Component, or for a DoD Component's systems that have interfaces with equipment of another DoD Component.

Operational Effectiveness. The overall degree of mission accomplishment of a system used by representative personnel in the context of the organization, doctrine, tactics, threat (including countermeasures and nuclear threats) and environment in the planned operational employment of the system.

Operational Suitability. The degree to which a system can be satisfactorily placed in field use, with consideration being given availability, compatibility, transportability, interoperability, reliability, wartime usage rates, maintainability, safety, human factors, manpower supportability, logistic supportability, and training requirements.

Pilot Production Item. An item produced from a limited production run to demonstrate the capability to mass produce the item for operational use.

Pre-Production Prototype. An article in final form employing standard parts, representative of articles to be produced subsequently in a production line.

Realistic Test Environment. The conditions under which the system is expected to be operated and maintained, including the natural weather and climatic conditions, terrain effects, battlefield disturbances, and enemy threat conditions.

Reliability. The duration or probability of failure-free performance under stated conditions.

Reliability, Mission. The ability of an item to perform its required functions for the duration of a specified mission profile.

Required Operational Characteristics. System parameters that are primary indicators of the system's capability to be employed to perform the required mission functions, and to be supported.

Required Technical Characteristics. System parameters selected as primary indicators of achievement of engineering goals. These may not be direct measures of, but should always relate to the system's capability to perform the required mission functions, and to be supported.

Survivability. The degree to which a system is able to avoid or withstand a hostile environment without suffering an abortive impairment of its ability to accomplish its designated mission.

Vulnerability. For weapon system acquisition decisions, three considerations are critical in assessing system vulnerability: susceptibility--a system limitation or weakness (may not be exploitable); accessibility--the openness of a system to exploitation by a countermeasures technique; and feasibility--the practicality and probability of an adversary exploiting a susceptibility in combat.

TEST AND EVALUATION MASTER PLAN (TEMP) GUIDELINES

A. SCOPE AND APPLICABILITY

The provisions of these Guidelines encompass major defense system acquisition programs as designated by the Secretary of Defense and certain other important programs for which a TEMP is specifically requested by the DDTE and apply to all DoD Components responsible for such programs.

B. POLICIES AND PROCEDURES

1. The TEMP is the primary document used in the OSD review and decision process to assess the adequacy of the planned testing and evaluation. As such, the TEMP must be of sufficient scope and content to explain the entire T&E program.

2. Each TEMP submitted to OSD should be a summary document of not more than 30 pages, detailed only to the extent necessary to show the rationale for the kind, amount, and schedules of the testing planned. It must, however, relate the T&E effort clearly to technical risks, operational issues and concepts, system performance, reliability, availability, maintainability and logistic requirements, and major decision points. It should also explain the relationship of the various simulations, subsystem tests, integrated system development tests and initial operational tests which, when analyzed in combination, provide confidence in the system's readiness to proceed into the next acquisition phase or into fully capable service. The TEMP must address the T&E to be accomplished in each program phase, with the next phase addressed in the most detail. TEMPs supporting the production and initial deployment decision must include the T&E planned to verify correction of deficiencies, production acceptance testing, and follow-on OT&E.

3. Five copies of a draft TEMP will normally be submitted to the DDTE for OSD review and comment concurrent with submission of the "For Comment" DCP to the Acquisition Executive prior to the planned Decision Milestone I date. This draft will be revised if necessary after review by the DoD Component Acquisition Executive and submitted for OSD coordination at least 15 working days before the DSARC meeting (or decision milestone date if a DSARC meeting is not planned). The TEMP will be updated and submitted in accordance with these procedures before Milestones II and III. OSD approval of the TEMP, or redirection, will be provided following decision milestones.

C. CONTENT OF TEMP

Every TEMP submitted to OSD should contain the same kind of information, and the following format should be used as a guide. If more detail for internal use is desired, DoD Components may supplement the

TEMP with detachable annexes. At DoD Component discretion, Part I may be preceded by a page of administrative information (listing of responsible persons and offices involved in the procurement).

Part I - Description

1. Mission. Summarize the operational need, mission to be accomplished, and planned operational environment (conditions, natural and induced, in which it will operate). This section should relate directly to the Mission Element Need Statement (MENS) and planned system operational concept.

2. System. Briefly describe the system and how it works, to include:

a. Key functions of the system that permit it to accomplish its operational mission. Include, if practical, a mission/function matrix relating the primary functional capabilities that must be demonstrated by testing to the mission(s) to be performed and concept(s) of operation.

b. Interfaces with other systems that are required to accomplish the mission.

c. Unique characteristics of the system that make it different or better than alternative systems, or that lead to special test requirements (such as hardness to nuclear effects).

3. Required Operational Characteristics. List the key operational effectiveness and suitability characteristics, goals, and thresholds.

4. Required Technical Characteristics. List the key technical characteristics, performance goals, and thresholds.

Note: The characteristics listed in 3. and 4. above should include, but not be limited to, the characteristics identified in the Decision Milestone documentation. Clearly define these characteristics, particularly in the areas of reliability, availability, and maintainability. Indicate the program milestones at which the thresholds will be or have been demonstrated. If an interservice or international program, highlight any characteristics resulting from this circumstance. Prior to Milestone II, while tradeoffs of characteristics are underway, it may not be possible to establish firm goals or thresholds. In this case, those aspects of performance critical to the ability of the system to accomplish its mission should be identified.

5. Critical T&E Issues

a. Technical Issues. Briefly describe key areas of technological or engineering risk that must be addressed by testing.

b. Operational Issues. Briefly describe key operational effectiveness or suitability issues that must be addressed by testing.

Part II - Program Summary

1. Management. Outline the program and T&E management responsibilities of participating organizations. Highlight arrangements between participants for test data sharing, responsibilities for test management decisions, and management interfaces for multiservice T&E efforts. Discuss the adequacy of the planned test periods and schedule to provide confidence in test results.

2. Integrated Schedule. Display on one page (a foldout, if necessary) the integrated time sequencing of T&E for the entire program and related key events in the acquisition decision-making process. Include events such as program decision milestones, key subsystem demonstrations, test article availability, first flights, critical support resource availability, critical full-up system demonstrations, key OT&E events, first production deliveries, and initial operational capability date.

Part III - DT&E Outline. Discuss all DT&E in sufficient detail so that test objectives are related to the system operational concept and are clearly identified for each phase. Relate the planned testing to the critical technical issues appropriate to each phase. The near-term portion of the plan should contain the most detail; the long-range portions should be as specific as possible. The following information should be included.

1. DT&E to Date. Provide a summary of the DT&E already conducted based on the best available information. This section should set the stage for discussion of planned DT&E. Briefly describe test articles (for instance brassboard, advanced development model), with emphasis on how they differ from the planned production articles. Emphasize DT&E events and results related to required performance characteristics, critical issues, and requirements levied by earlier OSD decisions. Highlight technical characteristics or specification requirements that were demonstrated (or failed to be demonstrated). When simulations are a key part of the DT&E effort, describe how the simulations are confirmed.

2. Future DT&E. Discuss all remaining DT&E planned, beginning with the date of the current TEMP revision and extending through completion of planned production and modifications. Address separately each remaining phase of DT&E, including the following for each phase:

a. Equipment Description. Summarize the equipment's functional capability and how it is expected to differ from the production model.

b. DT&E Objectives. Summarize the specific DT&E objectives to be addressed during this phase. The objectives identified should be the discrete major goals of the DT&E effort, which, when achieved, will provide solutions to critical technical issues and demonstrate that the engineering effort is progressing satisfactorily. Broad, general objectives, such as "demonstrate that the design and development process is complete," are of no value. If the Secretary of Defense decision memorandum requires demonstration of specific technical characteristics in a given phase, identify those characteristics.

c. DT&E Events/Scope of Testing/Basic Scenarios. Summarize the key DT&E events planned to address the objectives. In addition, describe in sufficient detail the scope of testing and basic test scenarios so that the relationship between the testing and the objectives, and the amount and thoroughness of testing, are clearly apparent. Include subsystem tests and simulations when they are key elements in determining whether or not objectives will be achieved. Discuss reliability, availability, and maintainability testing, and define terms.

3. Critical DT&E Items. Highlight all items the availability of which are critical to the conduct of adequate DT&E prior to the next decision point. For example, if the item is not available when required, the next decision point may be delayed. If appropriate, display these critical items on the integrated schedule.

Part IV - OT&E Outline

Discuss all planned OT&E, from the earliest IOT&E through the FOT&E during initial production and deployment which addresses operational effectiveness and suitability and identifies deficiencies in the production system, in similar format and detail as that described in the DT&E outline (Part III). In the OT&E to Date section, which sets the stage for discussion of the planned OT&E, relate the test conditions and results to the operational effectiveness and suitability, as appropriate, of the systems being acquired. In this section and in Future OT&E, be sure to discuss the degree to which the test environment, including procedures and threat simulations, is representative of the expected operational environment. Also discuss the reliability testing concept, and the training and background of operational test personnel. In OT&E Objectives, present the major objectives that, when achieved, will establish the operational effectiveness and suitability of the system. Either present the objectives in terms of, or relate the objectives to, the system's operational effectiveness and suitability. In OT&E Events/Scope of Testing/Basic Scenarios, relate the testing to be performed to the OT&E objectives (for instance, specify test outcomes that satisfy the objectives). When development and operational testing are combined, some of Parts III and IV may be combined, as appropriate.

Part V - Production Acceptance Test and Evaluation (PAT&E)

Briefly describe the PAT&E planned to demonstrate that items procured fulfill the requirements and specifications of the procuring contract or agreements.

Part VI - Special Resource Summary

Provide a brief summary of the key resources for DT&E, OT&E, and PAT&E that are unique to the program.

1. Test Articles. Identify the actual number of articles, including key support equipments, of the system required for testing in each phase and for each major type of T&E (DT&E, OT&E, PAT&E). If key subsystems (components, assemblies, or subassemblies) are to be tested individually, identify each such subsystem and the quantity required. Specifically identify prototypes, pilot production, and production models.

2. Special Support Requirements (instrumentation, targets, threat simulations, test sites, facilities). Identify the special support resources required for T&E, and briefly describe the steps being taken to acquire them.



October 30, 1980
NUMBER 5000.4

Department of Defense Directive

ASD(PA&E)

SUBJECT: OSD Cost Analysis Improvement Group

- References:
- (a) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group" June 13, 1973 (hereby canceled)
 - (b) DoD Directive 5000.1, "Major System Acquisitions," March 19, 1980
 - (c) DoD Instruction 5000.2, "Major System Acquisition Procedures," March 19, 1980
 - (d) DoD Directive 2010.6, "Standardization and Interoperability of Weapon Systems and Equipment Within the North Atlantic Treaty Organization," March 5, 1980
 - (e) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976
 - (f) DoD Directive 5000.11, "Data Elements and Data Codes Standardization Program," December 7, 1964
 - (g) DoD Instruction 5000.33, "Uniform Budget/Cost Terms and Definitions," August 15, 1977

A. REISSUANCE AND PURPOSE

This Directive reissues reference (a), updating the permanent charter for the OSD Cost Analysis Improvement Group (CAIG).

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense (OSD), the Military Departments, the Organization of the Joint Chiefs of Staff (JCS), and the Defense Agencies (herein called "DoD Components").

C. ORGANIZATION

1. Membership. The OSD CAIG shall be composed of:

a. A Chair appointed by the permanent members of the Defense Systems Acquisition Review Council (DSARC), as defined in references (b) and (c).

b. One member appointed by each DSARC permanent member. The Chair shall be in addition to these CAIG members.

c. One member appointed by the Secretary of each Military Department.

d. Ad hoc representatives, as appointed by the CAIG Chair, for special purposes.

e. An Executive Group, made up of the Chair and the OSD/JCS members.

2. Responsibilities. The OSD CAIG shall act as the principal advisory body to the DSARC on matters related to cost. Members of the CAIG shall represent their functional areas in accord with the standing organizational role and mission of their office. The specific responsibilities include:

a. Providing the DSARC with a review and evaluation of independent and program office cost estimates prepared by the DoD Components for presentation at each DSARC. These cost reviews shall consider all elements of system life cycle costs, including research and development, investment, and operating and support.

b. Providing the DSARC with an independent analysis of cost implications of proposed coproduction programs in support of North Atlantic Treaty Organization standardization and interoperability (DoD Directive 2010.6 (reference (d))).

c. Establishing criteria and procedures (enclosure 1) concerning the preparation and presentation of cost estimates on defense systems to the DSARC and CAIG.

d. Maintaining an integrated cost analysis research program, with one of its primary functions to identify to OSD and the DoD Components where efforts are needed to improve the technical capability of the Department of Defense to make cost estimates of all major equipment classes.

e. Developing useful methods of formulating cost uncertainty and cost risk information and introducing them into the DSARC process.

f. Working with the DoD Components to determine what costs are relevant for consideration as part of the DSARC process, and developing techniques for identifying and projecting these costs.

g. Developing and implementing policy to provide for the appropriate collection, storage, and exchange of information concerning improved cost estimating procedures, methodology, and data necessary for cost estimating between OSD staffs, DoD Components, and outside organizations. The collection of information shall be consistent with the provisions of DoD Directive 5000.19 (reference (e)). Existing DoD standard data elements shall be used for all data requirements, when possible, in accordance with DoD Directive 5000.11 (reference (f)).

h. Providing an assessment or recommendations to the DSARC of all cost objectives before their inclusion in approved Secretary of Defense Decision Memoranda or similar documents that give direction to a DoD Component for the acquisition of a major defense system.

i. Helping to resolve issues that arise over the comparability and completeness of cost data to be reported on new cost data collection systems.

Oct 30, 80
5000.4

j. Accomplishing other tasks and studies, when requested by the DSARC principals.

3. Administration

a. Members shall be assembled for regular and executive meetings held at the call of the Chair.

b. Minutes shall be prepared for each CAIG meeting, executive and regular.

c. For each DSARC, a report shall be prepared that summarizes the CAIG's review and evaluation of DoD Component independent and program office cost estimates. Only the CAIG executive group shall assist in the preparation of these reports.

d. Special reports shall be prepared to document the results of other CAIG efforts.

D. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing documents to the Assistant Secretary of Defense (Program Analysis and Evaluation) within 120 days.

W. Graham Claytor, Jr.
W. Graham Claytor, Jr.
Deputy Secretary of Defense

Enclosure - 1
Criteria and Procedures for the
Preparation and Presentation of
Cost Analyses to the OSD CAIG

CRITERIA AND PROCEDURES FOR THE PREPARATION AND PRESENTATION
OF COST ANALYSES TO THE OSD CAIG

A. OBJECTIVE AND ORGANIZATIONAL RESPONSIBILITY

1. The basic objective of the DoD Component presentations to CAIG is to explain in detail how the independent and program office cost estimates were prepared to permit the CAIG to provide the DSARC with a cost assessment.

2. The independent analysis should be prepared by an organization separate from the control and direction of the program or project office that is directly responsible for the acquisition of the defense system being reviewed.

B. SCOPE OF INDEPENDENT ANALYSIS

1. An independent cost analysis should be prepared for each alternative that will be presented to the DSARC. A complete description of these alternatives should be provided as part of the back-up documentation.

2. The independent analysis should provide a projection for all elements of life cycle costs to include the following:

a. Research and Development (R&D). The cost of all R&D efforts should be estimated regardless of the funding source or management control. Nonrecurring and recurring R&D costs for prototypes and engineering development hardware should be shown separately, where appropriate.

b. Investment. The investment costs should include the costs of the prime hardware and its major subcomponents; support costs such as training, peculiar support, and data; initial spares, and military construction costs (if any). The cost of all related procurements (such as, modifications to existing aircraft or ship platform) should also be estimated, regardless of funding source or management control. Nonrecurring and recurring costs for the production of prime hardware should be shown separately, where appropriate.

c. Operating and Support (O&S). All elements of O&S cost should be estimated. These elements are defined in CAIG-issued O&S guidelines.

3. Use of existing assets or assets being procured for another purpose must not be treated as a free good. The "opportunity cost" of these assets should be estimated, where appropriate, and considered as part of the program cost.

4. When program alternatives have different useful operational lives, the costs should be expressed as an equivalent annual cost or put into some other comparable form.

5. The independent cost analysis should separately show both prior year expenditures and projected costs by cost element.

6. Disposal costs should be included where the cost of demilitarization, detoxification, or long time waste storage problems are different between alternatives.

C. ANALYTICAL METHODS

1. The techniques used to make the independent cost estimate shall take into account the stage of the acquisition cycle that the defense system is in when the estimate is made (such as, advance development, engineering development, or production). Until actuals are available, the use of parametric costing techniques is the preferred approach to the development of the cost estimates. It is expected that heavy reliance will be placed on parametric, as well as analog and engineering methods, for DSARC I and II reviews, while projections of cost actuals will be predominantly used for preparing independent estimates for DSARC III reviews. A comparison of several cost estimating methods is encouraged.

2. When cost estimating relationships (CERs) already available or newly developed are used to make the cost estimates, the specific form of the CER, its statistical characteristics, the data base used to develop the CER, and the assumptions used in applying the CER are to be provided as back-up. Limitations of the CER as well as other CERs considered but not used shall be discussed. Adjustments for major changes in technology, new production techniques, different procurement strategy, production rate, or business base should be highlighted and explained.

3. For estimates made by analogy or engineering costing techniques, the rationale and procedures used to prepare such an estimate must be documented. This should include actual workload and cost experience used to make the estimate and the method by which the information was evaluated and adjusted to make the current cost estimate. If an analog estimate is made using complexity factors, the basis for the complexity analysis including backgrounds of the individuals making the ratings, the factors used (including the ranges of values), and a summary of the technical characteristics and cost driving elements shall be provided to the CAIG.

4. Actual cost experience on prototype units, early engineering development hardware, and early production hardware for the program under consideration should be used to the maximum extent possible. If development or production units have been produced, the actual cost information is to be provided as part of the back-up.

5. Quantifications of uncertainty by the use of frequency distributions or ranges of cost are encouraged. The probability distributions and assumptions used in preparing all range estimates should be provided.

6. If allowances for contingencies are used, an explanation of how the contingency was determined should be provided. This should include an assessment of the circumstances that must occur for such a contingency to be required.

7. The sensitivity of projected costs to critical program assumptions should be examined. This should include factors such as learning curve assumptions, technical risk or failures (requiring more development effort), changes in performance characteristics, schedule alterations, and variations in testing requirements.

8. Program estimates involving multinational acquisitions will include the impact on costs to the U.S. Government of coproduction, license fees, royalties, transportation costs, and expected foreign exchange rates, as appropriate.

D. PRESENTATION OF COST RESULTS

1. A brief overview of the program to include a description of the hardware involved, program status, procurement strategy (such as, contracting approach, R&D, and production schedules) should be presented.

2. A brief description of each alternative to be presented at the DSARC should be discussed, with the preferred alternative highlighted.

3. The Program Manager or representative should present the CAIG with estimates for each alternative under consideration and explain how they were derived.

4. The independent cost estimates for each alternative should be presented, with an explanation of how they were derived; a comparison by cost category will be made with the Program Manager's estimate, and significant differences examined in detail.

5. The R&D and investment estimates should be shown in both constant and current dollars. O&S estimates should be shown in constant dollars. The constant dollars should be as close as possible to the present budget year. The cost category breakout should be the same at the summary levels as those reported in the Integrated Program Summary (IPS), Annex B (DoD Instruction 5000.2 (reference (c))).

6. When CERs are presented to the CAIG as part of the presentation, use of graphs to present both the basic data and resulting CER is encouraged.

7. The status of Contractor Cost Data Reporting (CCDR) Data Plan, or, if implemented, the status of CCDR reporting and the processing of the cost data on the weapon system being reviewed shall be presented to the CAIG. If the actual costs of the prototype and full-scale development hardware are used as the basis for the projections, the supporting cost-quantity curves should be presented.

8. For purposes of comparing independent estimates with the Program Manager's estimates, the same assumptions, such as, funding schedule, delivery schedule, escalation, and outlay rates, should be used. If the independent analysis team does not believe the Program Manager's assumptions are valid, this fact should be identified and its impact calculated.

9. If the Program Manager's estimate is validated and found to be reasonable, the basis for reaching this conclusion must be presented to the CAIG.

10. A cost track in constant "base year" dollars will be shown between the Program Manager's preferred alternative estimate and the cost estimates approved at previous DSARCs with an explanation of major program changes. The same format as the cost track summary required in the IPS, Annex A (DoD Instruction 5000.2 (reference (c))), may be used.

11. Wherever possible, comparisons will be made on a constant dollar unit cost basis--flyaway, procurement unit, and program acquisition unit as defined in DoD Instruction 5000.33 (reference (g)). Procurement quantities will be identified on all presentations. Subsystem breakouts will be shown in a similar fashion.

12. A comparison will be made of the Program Manager's and the independent estimates for the preferred alternative to all approved Design-to-Cost goals and Decision Coordination Paper (DCP) cost thresholds.

13. O&S costs for each alternative will be compared with one or more existing, reference systems--preferably including the one to be replaced by the new weapon. The following will be addressed:

a. Potential significant force structure, employment, or maintenance changes that are not part of the approved program, regardless of the DoD Component's position on funding such changes.

b. Annual costs for the operational force and for a typical force unit (battalion, squadron) operating the system.

c. Major elements of O&S costs expressed in terms of their basic rates of consumption, such as, petroleum-oil-lubricants in gallons per operating time or distance, personnel end-strength by category and skill, spares consumption per operating hour, or depot cost per overhaul or operating hour.

14. A time-phased life cycle estimate for each alternative under consideration should be presented. Comparison of these numbers with the latest Five-Year Defense Program should be shown and differences explained. Comparison of these numbers with the DoD Component Program Objective Memoranda or Approved Program Decision Memoranda shall also be presented, if appropriate.

E. PROCEDURES FOR A CAIG PRESENTATION

1. The "For Comment" draft DCP and IPS provided to OSD 90 days prior to each DSARC will provide the latest cost data and funding profiles available at that time for each alternative. The final DCP and IPS, required to be provided to OSD 15 working days prior to each DSARC, will contain the cost data to be presented to the CAIG and the DSARC.

2. Thirty days prior to the CAIG meeting, the CAIG action officer will meet with the DoD Component representatives and agree on the agenda for the CAIG presentation.

3. The presentation of the DoD Component's independent cost analysis and program office estimates shall be made to the CAIG at least 15 working days prior to all DSARCs unless specifically waived by the CAIG Chair. Copies of the briefing charts, the briefing text (if one is used) and a summary report of the estimates shall be made available at the time of the presentation to the CAIG. At least 20 working days prior to the DSARC, the DoD Component shall provide the CAIG, on an informal basis, two copies of the information and analysis that will be used as the basis for the CAIG briefing.

4. The specific assumptions and calculations used to derive the independent and the Program Manager's cost estimate for each alternative are to be made available to the CAIG. The price escalation indices, such as, annual outlay rates, and weighted total obligational authority rates starting with the base year, shall also be provided. This information is desired as much in advance of the CAIG meeting as possible and in no event shall it be provided later than the time of the CAIG meeting.

5. The DoD Component's organization staffs preparing the cost analyses shall maintain a close liaison with the CAIG staff during the review process to ensure full understanding of the DoD Component estimates.

6. The CAIG final report to the DSARC will be made available to the appropriate DoD Components at the time it is sent to the DSARC. The CAIG staff will be available to fully discuss its analysis and conclusions at that time.



March 19, 1980
NUMBER 5000.1

USDRE

Department of Defense Directive

SUBJECT: Major System Acquisitions

- References:
- (a) DoD Directive 5000.1, "Major System Acquisitions," January 18, 1977 (hereby canceled)
 - (b) DoD Directive 5000.2, "Major System Acquisition Process," January 18, 1977 (hereby canceled)
 - (c) DoD Directive 5000.30, "Defense Acquisition Executive," August 20, 1976 (hereby canceled)
 - (d) through (g), see enclosure 1

A. REISSUANCE AND PURPOSE

This Directive reissues reference (a), cancels references (b) and (c), and updates the statement of acquisition policy for major systems within the Department of Defense. This Directive also implements the concepts and provisions of Office of Management and Budget (OMB) Circular A-109 (enclosure 2).

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense (OSD), the Military Departments, the Organization of the Joint Chiefs of Staff (OJCS), and the Defense Agencies. As used in this Directive, the term "DoD Components" refers to the Military Departments and the Defense Agencies.

C. OBJECTIVES

Each DoD official who has direct or indirect responsibility for the acquisition process shall be guided by the objectives of OMB Circular A-109 (enclosure 2) and shall make every effort to:

1. Ensure that an effective and efficient acquisition strategy is developed and tailored for each system acquisition program.
2. Minimize the time from need identification to introduction of each system into operational use, including minimizing time gaps between program phases.
3. Achieve the most cost-effective balance between acquisition and ownership costs and system effectiveness.
4. Correlate individual program decisions with the Planning, Programming, and Budgeting System (PPBS).

5. Maximize collaboration with United States allies.

6. Integrate support, manpower, and related concerns into the acquisition process.

D. POLICY

1. General. The provisions of this Directive and OMB Circular A-109 (enclosure 2) apply to the acquisition of major systems within the Department of Defense. The principles in this Directive should also be applied, where appropriate, to the acquisition of systems not designated as major. Responsibility for the management of system acquisition programs shall be decentralized to DoD Components except for the decisions retained by the Secretary of Defense.

2. Specific

a. Analysis of Mission Areas. As part of the routine planning for accomplishment of assigned missions, DoD Components shall conduct continuing analyses of their mission areas to identify deficiencies in capability or more effective means of performing assigned tasks. During these ongoing analyses, a deficiency or opportunity may be identified that could lead to initiation of a major system acquisition program.

b. Alternatives to New System Development. A system acquisition may result from an identified deficiency in an existing system, a decision to establish new capabilities in response to a technologically feasible opportunity, a significant opportunity to reduce the DoD cost of ownership, or in response to a new emphasis in defense. Development of a new system may be undertaken after assessment of alternative system concepts including:

- (1) Change in United States or North Atlantic Treaty Organization (NATO) tactical or strategic doctrine.
- (2) Use of existing military or commercial systems.
- (3) Modification or product improvement of existing systems.

c. Designation of Major Systems. The Secretary of Defense shall designate those systems to be managed as major systems. Normally, this shall be done at the time the Mission Element Need Statement (MENS) is approved by the Secretary of Defense. In addition to the criteria set forth in OMB Circular A-109 (enclosure 2), the decision to designate any system as major may be based upon:

- (1) Development risk, urgency of need, or other items of interest to the Secretary of Defense.

DSARC PROCESS

THIS SECTION CONTAINS THE DOD DIRECTIVES AND INSTRUCTIONS ON THE:

- (A) MAJOR SYSTEMS ACQUISITIONS
- (B) MAJOR SYSTEMS ACQUISITION PROCEDURES
- (C) OSD COST ANALYSIS IMPROVEMENT GROUP

IT EXPLAINS THE RESPONSIBILITIES, ORGANIZATION AND MEMBERSHIP OF THE DSARC AND THE CAIG.

(2) Joint acquisition of a system by the Department of Defense and representatives of another nation or by two or more DoD Components.

(3) The estimated requirement for the system's research, development, test and evaluation (RDT&E), and procurement funds.

(4) The estimated requirement for manpower to operate, maintain and support the system in the field.

(5) Congressional interest.

d. Affordability. Affordability shall be considered at every milestone. At Milestone 0, the order of magnitude of resources the DoD Component is willing to commit and the relative priority of the program to satisfy the need identified will be reconciled with overall capabilities, priorities, and resources. A program normally shall not proceed into Concept Exploration unless sufficient resources are or can be programmed for Phase 0. Approval to proceed into the Demonstration and Validation phase shall be dependent on DoD Component assurance that it plans to acquire and operate the system and that sufficient RDT&E resources are available or can be programmed to complete development. Approval to proceed into the Full-Scale Development phase shall be dependent on DoD Component assurance that resources are available or can be programmed to complete development and acquisition and to operate and support the deployed system in the manner prescribed by the Secretary of Defense. This assurance will be reaffirmed by the DoD Component prior to receiving approval to proceed into the Production and Deployment phase. Affordability, a function of cost, priority, and availability of fiscal and manpower resources, shall be established and reviewed in the context of the PPBS process. Specific facets of affordability to be reviewed at milestone decision points are set forth in DoD Instruction 5000.2 (reference (d)).

e. Acquisition Time. A primary objective of management shall be to minimize the time it takes to acquire materiel and facilities to satisfy military needs. Particular emphasis shall be placed on minimizing the time from a commitment to acquire an operable and supportable system to deploying it with the operating force. Commensurate with risk, such approaches as developing separate alternatives in high-risk areas, experimental prototypings of critical components, combining phases, or omitting phases should be explored. In those cases where combining or omitting phases are appropriate, authority shall be requested from the Secretary of Defense.

f. Tailoring. OSD and DoD Components shall exercise judgment and flexibility to encourage maximum tailoring in the acquisition process, as described in OMB Circular A-109 (enclosure 2), this Directive, and DoD Instruction 5000.2 (reference (d)), while stimulating a competitive environment. Tailoring of the acquisition process shall be documented in the MENS or the Decision Coordinating Paper. Approval of such tailoring shall be included in the Secretary of Defense Decision Memorandum.

g. Standardization and Interoperability

(1) Equipment procured for the use of personnel of the Armed Forces of the United States stationed in Europe under the terms of the North Atlantic Treaty should be standardized or at least be interoperable with equipment of other members of NATO. Accordingly, NATO rationalization, standardization, and interoperability (RSI) shall be basic considerations in acquisition of systems having a partial or total application to Europe. Refer to DoD Directive 2010.6 (reference (e)).

(2) Acquisition of equipment satisfying DoD Component needs should also include consideration of intraservice and interservice standardization and interoperability requirements.

h. Logistic Supportability. Logistic supportability shall be a design requirement as important as cost, schedule, and performance. A continuous interface between the program management office and the manpower and logistics communities shall be maintained throughout the acquisition process.

i. Directed Decisions by Higher Authority. When a line official above the program manager exercises decision authority on program matters, the decision shall be documented as official program direction to the program manager. The line official shall be held accountable for the decision.

3. Milestone Decisions and Phases of Activity. Four milestone decisions and four phases of activity comprise the normal DoD acquisition process for major systems.

a. Milestone 0 Decision. Approval of MENS and authorization to proceed into Phase 0--Concept Exploration--which includes solicitation, evaluation and competitive exploration of alternative system concepts. Approval to proceed with Concept Exploration also means that the Secretary of Defense intends to satisfy the need.

b. Milestone I Decision. Selection of alternatives and authorization to proceed into Phase I--Demonstration and Validation.

c. Milestone II Decision. Selection of alternative(s) and authorization to proceed into Phase II--Full-Scale Development--which includes limited production for operational test and evaluation. Approval to proceed with Full-Scale Development also means that the Secretary of Defense intends to deploy the system.

d. Milestone III Decision. Authorization to proceed into Phase III--Production and Deployment.

Mar 19, 80
5000.1

4. Documentation for Milestone Decisions

a. Milestone 0

Mission Element Need Statement (MENS). Each major system acquisition program requires a MENS approved by the Secretary of Defense. DoD Components shall prepare MENS to document major deficiencies in their ability to meet mission requirements. Joint MENS shall be prepared to document major deficiencies in two or more DoD Components. OSD and the OJCS may also prepare MENS in response to perceived mission area deficiencies. These MENS shall recommend a lead DoD Component to the Secretary of Defense. The MENS, as described in enclosure 2 to DoD Instruction 5000.2 (reference (d)), shall be limited to five pages, including annexes.

b. Milestones I, II, and III

(1) Decision Coordinating Paper (DCP). The DCP provides basic documentation for use by Defense Systems Acquisition Review Council (DSARC) members in arriving at a recommendation for the Secretary of Defense. It includes: a program description, revalidation of the mission need, goals and thresholds, a summary of the DoD Component's acquisition strategy (including a description of and tailoring of standard procedures), system and program alternatives, and issues affecting the decision. The DCP, as described in enclosure 3 to DoD Instruction 5000.2 (reference (d)), shall be limited to 10 pages, including annexes.

(2) Integrated Program Summary (IPS). The IPS summarizes the DoD Component's acquisition planning for the system's life-cycle and provides a management overview of the program. The IPS, as described in enclosure 4 to DoD Instruction 5000.2 (reference (d)), shall be limited to 60 pages, including all annexes except Annex B, Resources - Funding Profile.

(3) Milestone Reference File (MRF). The MRF shall be temporarily established within OSD to provide a central repository for existing program documentation and references for referral during each milestone review.

c. Milestones 0, I, II, and III

Secretary of Defense Decision Memorandum (SDDM). The SDDM documents each milestone decision, establishes program goals and thresholds, reaffirms established needs and program objectives, authorizes exceptions to acquisition policy (when appropriate), and provides the direction and guidance to OSD, OJCS, and the DoD Component for the next phase of acquisition.

E. RESPONSIBILITIES

1. The Defense Systems Acquisition Review Council (DSARC) shall advise the Secretary of Defense on milestone decisions for major systems and such other acquisition issues as the Defense Acquisition Executive determines to be necessary.

2. The Defense Acquisition Executive (DAE)

a. The DAE shall:

(1) Be the principal advisor and staff assistant to the Secretary of Defense for the acquisition of defense systems and equipment.

(2) Be designated by the Secretary of Defense and shall serve as the permanent member and Chairman of the DSARC.

(3) In coordination with the other permanent members of the DSARC:

(a) Integrate and unify the management process, policies, and procedures for defense system acquisition.

(b) Monitor DoD Component compliance with the policies and practices in OMB Circular A-109 (enclosure 2), this Directive, and DoD Instruction 5000.2 (reference (d)).

(c) Ensure that the requirements and viewpoints of the functional areas are given full consideration during staff and DSARC deliberations, and are integrated in the recommendations sent to the Secretary of Defense.

(d) Ensure consistency in applying the policies regarding NATO RSI for all major systems.

b. The DAE is specifically delegated authority to:

(1) Designate action officers who shall be responsible for the processing of the milestone documentation and who shall monitor the status of major systems in all phases of the acquisition process.

(2) Issue instructions and one-time, Directive-type memoranda in accordance with DoD Directive 5025.1 (reference (f)).

(3) Obtain such reports and information, consistent with the provisions of DoD Directive 5000.19 (reference (g)), as may be necessary in the performance of assigned functions.

3. The Under Secretary of Defense for Policy (USDP) shall be a permanent member of the DSARC. On occasion, the USDP may designate a representative to attend a given DSARC meeting.

Mar 19, 80
5000.1

4. The Under Secretary of Defense Research and Engineering (USDRE) is a permanent member of the DSARC and shall be responsible for policy and review of all research, engineering development, technology, test and evaluation, contracting, and production of systems covered by this Directive. On occasion, the USDRE may designate a representative to attend a given DSARC meeting. In addition, the USDRE shall:

a. Monitor, in conjunction with the Assistant Secretary of Defense (Program Analysis and Evaluation) (ASD(PA&E)), DoD Component procedures for analysis of mission areas.

b. Coordinate review of MENS provided by DoD Components.

c. Coordinate, together with Assistant Secretary of Defense (Comptroller) and ASD(PA&E), the interface of the acquisition process with the PPBS.

5. The Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) (ASD(NRA&L)) is a permanent member of the DSARC and shall be responsible for policy on logistic, energy, environment, safety, and manpower planning for new systems and for ensuring that logistic planning is consistent with system hardware parameters, logistic policies, and readiness objectives.

6. The Assistant Secretary of Defense (Comptroller) (ASD(C)) is a permanent member of the DSARC and shall coordinate, together with USDRE and ASD(PA&E), the interface of the acquisition process with the PPBS.

7. The Assistant Secretary of Defense (Program Analysis and Evaluation) (ASD(PA&E)) is a permanent member of the DSARC and shall:

a. Monitor, in conjunction with USDRE, DoD Component procedures for analysis of mission areas.

b. Evaluate cost-effectiveness studies prepared in support of milestone decisions for major system acquisition.

c. Coordinate, together with USDRE and ASD(C), the interface of the acquisition process with the PPBS.

8. The Chairman, Joint Chiefs of Staff (CJCS), or a representative designated by CJCS shall be a permanent member of the DSARC.

9. The principal advisors to the DSARC are listed in DoD Instruction 5000.2 (reference (d)).

10. The Head of Each DoD Component shall manage each major system acquisition assigned by the Secretary of Defense and shall establish clear lines of authority, responsibility, and accountability.

DoD Component Heads shall also:

a. Appoint a DoD Component acquisition executive to serve as the principal advisor and staff assistant to the Head of the DoD Component.

b. Establish a System Acquisition Review Council.

c. Ensure that a program manager is assigned and that a program manager's charter is approved as soon as feasible after Milestone O.

d. Establish career incentives to attract, retain, motivate and reward competent program managers.

e. Provide a program manager the necessary assistance to establish a strong program office with clearly established lines of authority and reporting channels between the program manager and the Head of the DoD Component. Where functional organizations exist to assist the program manager, the relationship of the functional areas to the program manager shall be established.

f. Monitor major system acquisitions to assure compliance with OMB Circular A-109 (enclosure 2), this Directive, and DoD Instruction 5000.2 (reference (d)).

11. The Program Manager shall acquire and field, in accordance with instructions from line authority, a cost-effective solution to the approved mission need that can be acquired, operated, and supported within the resources projected in the SDDM.

F. ORDER OF PRECEDENCE

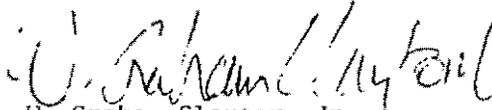
This Directive and DoD Instruction 5000.2 (reference (d)) are first and second in order of precedence for major system acquisitions except where statutory requirements override. All DoD issuances shall be reviewed for conformity with this Directive or DoD Instruction 5000.2 (reference (d)) and shall be changed or canceled, as appropriate. Conflicts remaining after 90 days from issuance of this Directive shall be brought to the attention of the originating office and the DAE.



Mar 19, 80
5000.1

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward one copy of implementing documents to the Under Secretary of Defense for Research and Engineering within 120 days.



W. Graham Claytor, Jr.
Deputy Secretary of Defense

Enclosures - 2

1. References
2. OMB Circular A-109, "Major System Acquisitions," April 5, 1976

Mar 19, 80
5000.1 (Encl 1)

REFERENCES, continued

- (d) DoD Instruction 5000.2, "Major System Acquisition Procedures,"
March 19, 1980
- (e) DoD Directive 2010.6, "Standardization and Interoperability of
Weapons Systems and Equipment within the North Atlantic Treaty
Organization," March 5, 1980
- (f) DoD Directive 5025.1, "Department of Defense Directives System,"
November 18, 1977
- (g) DoD Directive 5000.19, "Policies for the Management and Control of
Information Requirements," March 12, 1976



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Mar 19, 80
5000.1 (Encl 2)

April 5, 1976

CIRCULAR NO. A-109

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Major System Acquisitions

1. Purpose. This Circular establishes policies, to be followed by executive branch agencies in the acquisition of major systems.

2. Background. The acquisition of major systems by the Federal Government constitutes one of the most crucial and expensive activities performed to meet national needs. Its impact is critical on technology, on the Nation's economic and fiscal policies, and on the accomplishment of Government agency missions in such fields as defense, space, energy and transportation. For a number of years, there has been deep concern over the effectiveness of the management of major system acquisitions. The report of the Commission on Government Procurement recommended basic changes to improve the process of acquiring major systems. This Circular is based on executive branch consideration of the Commission's recommendations.

3. Responsibility. Each agency head has the responsibility to ensure that the provisions of this Circular are followed. This Circular provides administrative direction to heads of agencies and does not establish and shall not be construed to create any substantive or procedural basis for any person to challenge any agency action or inaction on the basis that such action was not in accordance with this Circular.

4. Coverage. This Circular covers and applies to:

a. Management of the acquisition of major systems, including: ° Analysis of agency missions ° Determination of mission needs ° Setting of program objectives ° Determination of system requirements ° System program planning ° Budgeting ° Funding ° Research ° Engineering ° Development ° Testing and evaluation ° Contracting ° Production ° Program and management control ° Introduction

(No. A-109)

of the system into use or otherwise successful achievement of program objectives.

b. All programs for the acquisition of major systems even though:

(1) The system is one-of-a-kind.

(2) The agency's involvement in the system is limited to the development of demonstration hardware for optional use by the private sector rather than for the agency's own use.

5. Definitions. As used in this Circular:

a. Executive agency (hereinafter referred to as agency) means an executive department, and an independent establishment within the meaning of sections 101 and 104(1), respectively, of Title 5, United States Code.

b. Agency component means a major organizational subdivision of an agency. For example: The Army, Navy, Air Force, and Defense Supply Agency are agency components of the Department of Defense. The Federal Aviation Administration, Urban Mass Transportation Administration, and the Federal Highway Administration are agency components of the Department of Transportation.

c. Agency missions means those responsibilities for meeting national needs assigned to a specific agency.

d. Mission need means a required capability within an agency's overall purpose, including cost and schedule considerations.

e. Program objectives means the capability, cost and schedule goals being sought by the system acquisition program in response to a mission need.

f. Program means an organized set of activities directed toward a common purpose, objective, or goal undertaken or proposed by an agency in order to carry out responsibilities assigned to it.

g. System design concept means an idea expressed in terms of general performance, capabilities, and characteristics of hardware and software oriented either to

operate or to be operated as an integrated whole in meeting a mission need.

h. Major system means that combination of elements that will function together to produce the capabilities required to fulfill a mission need. The elements may include, for example, hardware, equipment, software, construction, or other improvements or real property. Major system acquisition programs are those programs that (1) are directed at and critical to fulfilling an agency mission, (2) entail the allocation of relatively large resources, and (3) warrant special management attention. Additional criteria and relative dollar thresholds for the determination of agency programs to be considered major systems under the purview of this Circular, may be established at the discretion of the agency head.

i. System acquisition process means the sequence of acquisition activities starting from the agency's reconciliation of its mission needs, with its capabilities, priorities and resources, and extending through the introduction of a system into operational use or the otherwise successful achievement of program objectives.

j. Life cycle cost means the sum total of the direct, indirect, recurring, nonrecurring, and other related costs incurred, or estimated to be incurred, in the design, development, production, operation, maintenance and support of a major system over its anticipated useful life span.

6. General policy. The policies of this Circular are designed to assure the effectiveness and efficiency of the process of acquiring major systems. They are based on the general policy that Federal agencies, when acquiring major systems, will:

a. Express needs and program objectives in mission terms and not equipment terms to encourage innovation and competition in creating, exploring, and developing alternative system design concepts.

b. Place emphasis on the initial activities of the system acquisition process to allow competitive exploration of alternative system design concepts in response to mission needs.

c. Communicate with Congress early in the system acquisition process by relating major system acquisition programs to agency mission needs. This communication should follow the requirements of Office of Management and Budget (OMB) Circular No. A-10 concerning information related to budget estimates and related materials.

d. Establish clear lines of authority, responsibility, and accountability for management of major system acquisition programs. Utilize appropriate managerial levels in decisionmaking, and obtain agency head approval at key decision points in the evolution of each acquisition program.

e. Designate a focal point responsible for integrating and unifying the system acquisition management process and monitoring policy implementation.

f. Rely on private industry in accordance with the policy established by OMB Circular No. A-76.

7. Major system acquisition management objectives. Each agency acquiring major systems should:

a. Ensure that each major system: Fulfills a mission need. Operates effectively in its intended environment. Demonstrates a level of performance and reliability that justifies the allocation of the Nation's limited resources for its acquisition and ownership.

b. Depend on, whenever economically beneficial, competition between similar or differing system design concepts throughout the entire acquisition process.

c. Ensure appropriate trade-off among investment costs, ownership costs, schedules, and performance characteristics.

d. Provide strong checks and balances by ensuring adequate system test and evaluation. Conduct such tests and evaluation independent, where practicable, of developer and user.

e. Accomplish system acquisition planning, built on analysis of agency missions, which implies appropriate resource allocation resulting from clear articulation of agency mission needs.

f. Tailor an acquisition strategy for each program, as soon as the agency decides to solicit alternative system design concepts, that could lead to the acquisition of a new major system and refine the strategy as the program proceeds through the acquisition process. Encompass test and evaluation criteria and business management considerations in the strategy. The strategy could typically include: ° Use of the contracting process as an important tool in the acquisition program ° Scheduling of essential elements of the acquisition process ° Demonstration, test, and evaluation criteria ° Content of solicitations for proposals ° Decisions on whom to solicit ° Methods for obtaining and sustaining competition ° Guidelines for the evaluation and acceptance or rejection of proposals ° Goals for design-to-cost ° Methods for projecting life cycle costs ° Use of data rights ° Use of warranties ° Methods for analyzing and evaluating contractor and Government risks ° Need for developing contractor incentives ° Selection of the type of contract best suited for each stage in the acquisition process ° Administration of contracts.

g. Maintain a capability to: ° Predict, review, assess, negotiate and monitor costs for system development, engineering, design, demonstration, test, production, operation and support (i.e., life cycle costs) ° Assess acquisition cost, schedule and performance experience against predictions, and provide such assessments for consideration by the agency head at key decision points ° Make new assessments where significant costs, schedule or performance variances occur ° Estimate life cycle costs during system design concept evaluation and selection, full-scale development, facility conversion, and production, to ensure appropriate trade-offs among investment costs, ownership costs, schedules, and performance ° Use independent cost estimates, where feasible, for comparison purposes.

8. Management structure.

a. The head of each agency that acquires major systems will designate an acquisition executive to integrate and unify the management process for the agency's major system acquisitions and to monitor implementation of the policies and practices set forth in this Circular.

b. Each agency that acquires--or is responsible for activities leading to the acquisition of--major systems will

establish clear lines of authority, responsibility, and accountability for management of its major system acquisition programs.

c. Each agency should preclude management layering and placing nonessential reporting procedures and paperwork requirements on program managers and contractors.

d. A program manager will be designated for each of the agency's major system acquisition programs. This designation should be made when a decision is made to fulfill a mission need by pursuing alternative system design concepts. It is essential that the program manager have an understanding of user needs and constraints, familiarity with development principles, and requisite management skills and experience. Ideally, management skills and experience would include: ° Research and development ° Operations ° Engineering ° Construction ° Testing ° Contracting ° Prototyping and fabrication of complex systems ° Production ° Business ° Budgeting ° Finance. With satisfactory performance, the tenure of the program manager should be long enough to provide continuity and personal accountability.

e. Upon designation, the program manager should be given budget guidance and a written charter of his authority, responsibility, and accountability for accomplishing approved program objectives.

f. Agency technical management and Government laboratories should be considered for participation in agency mission analysis, evaluation of alternative system design concepts, and support of all development, test, and evaluation efforts.

g. Agencies are encouraged to work with each other to foster technology transfer, prevent unwarranted duplication of technological efforts, reduce system costs, promote standardization, and help create and maintain a competitive environment for an acquisition.

9. Key decisions. Technical and program decisions normally will be made at the level of the agency component or operating activity. However, the following four key decision points should be retained and made by the agency head:

a. Identification and definition of a specific mission need to be fulfilled, the relative priority assigned within the agency, and the general magnitude of resources that may be invested.

b. Selection of competitive system design concepts to be advanced to a test/demonstration phase or authorization to proceed with the development of a noncompetitive (single concept) system.

c. Commitment of a system to full-scale development and limited production.

d. Commitment of a system to full production.

10. Determination of mission needs.

a. Determination of mission need should be based on an analysis of an agency's mission reconciled with overall capabilities, priorities and resources. When analysis of an agency's mission shows that a need for a new major system exists, such a need should not be defined in equipment terms, but should be defined in terms of the mission, purpose, capability, agency components involved, schedule and cost objectives, and operating constraints. A mission need may result from a deficiency in existing agency capabilities or the decision to establish new capabilities in response to a technologically feasible opportunity. Mission needs are independent of any particular system or technological solution.

b. Where an agency has more than one component involved, the agency will assign the roles and responsibilities of each component at the time of the first key decision. The agency may permit two or more agency components to sponsor competitive system design concepts in order to foster innovation and competition.

c. Agencies should, as required to satisfy mission responsibilities, contribute to the technology base, effectively utilizing both the private sector and Government laboratories and in-house technical centers, by conducting, supporting, or sponsoring: ° Research ° System design concept studies ° Proof of concept work ° Exploratory subsystem development ° Tests and evaluations. Applied technology efforts oriented to system developments should be performed in response to approved mission needs.

11. Alternative systems.

a. Alternative system design concepts will be explored within the context of the agency's mission need and program objectives--with emphasis on generating innovation and conceptual competition from industry. Benefits to be derived should be optimized by competitive exploration of alternative system design concepts, and trade-offs of capability, schedule, and cost. Care should be exercised during the initial steps of the acquisition process not to conform mission needs or program objectives to any known systems or products that might foreclose consideration of alternatives.

b. Alternative system design concepts will be solicited from a broad base of qualified firms. In order to achieve the most preferred system solution, emphasis will be placed on innovation and competition. To this end, participation of smaller and newer businesses should be encouraged. Concepts will be primarily solicited from private industry; and when beneficial to the Government, foreign technology, and equipment may be considered.

c. Federal laboratories, federally funded research and development centers, educational institutions, and other not-for-profit organizations may also be considered as sources for competitive system design concepts. Ideas, concepts, or technology, developed by Government laboratories or at Government expense, may be made available to private industry through the procurement process or through other established procedures. Industry proposals may be made on the basis of these ideas, concepts, and technology or on the basis of feasible alternatives which the proposer considers superior.

d. Research and development efforts should emphasize early competitive exploration of alternatives, as relatively inexpensive insurance against premature or preordained choice of a system that may prove to be either more costly or less effective.

e. Requests for alternative system design concept proposals will explain the mission need, schedule, cost, capability objectives, and operating constraints. Each offeror will be free to propose his own technical approach, main design features, subsystems, and alternatives to schedule, cost, and capability goals. In the conceptual and

less than full-scale development stages, contractors should not be restricted by detailed Government specifications and standards.

f. Selections from competing system design concept proposals will be based on a review by a team of experts, preferably from inside and outside the responsible component development organization. Such a review will consider: (1) Proposed system functional and performance capabilities to meet mission needs and program objectives, including resources required and benefits to be derived by trade-offs, where feasible, among technical performance, acquisition costs, ownership costs, time to develop and procure; and (2) The relevant accomplishment record of competitors.

g. During the uncertain period of identifying and exploring alternative system design concepts, contracts covering relatively short time periods at planned dollar levels will be used. Timely technical reviews of alternative system design concepts will be made to effect the orderly elimination of those least attractive.

h. Contractors should be provided with operational test conditions, mission performance criteria, and life cycle cost factors that will be used by the agency in the evaluation and selection of the system(s) for full-scale development and production.

i. The participating contractors should be provided with relevant operational and support experience through the program manager, as necessary, in developing performance and other requirements for each alternative system design concept as tests and trade-offs are made.

j. Development of subsystems that are intended to be included in a major system acquisition program will be restricted to less than fully designed hardware (full-scale development) until the subsystem is identified as a part of a system candidate for full-scale development. Exceptions may be authorized by the agency head if the subsystems are long lead time items that fulfill a recognized generic need or if they have a high potential for common use among several existing or future systems.

12. Demonstrations.

a. Advancement to a competitive test/demonstration phase may be approved when the agency's mission need and program objectives are reaffirmed and when alternative system design concepts are selected.

b. Major system acquisition programs will be structured and resources planned to demonstrate and evaluate competing alternative system design concepts that have been selected. Exceptions may be authorized by the agency head if demonstration is not feasible.

c. Development of a single system design concept that has not been competitively selected should be considered only if justified by factors such as urgency of need, or by the physical and financial impracticality of demonstrating alternatives. Proceeding with the development of a noncompetitive (single concept) system may be authorized by the agency head. Strong agency program management and technical direction should be used for systems that have been neither competitively selected nor demonstrated.

13. Full-scale development and production.

a. Full-scale development, including limited production, may be approved when the agency's mission need and program objectives are reaffirmed and competitive demonstration results verify that the chosen system design concept(s) is sound.

b. Full production may be approved when the agency's mission need and program objectives are reaffirmed and when system performance has been satisfactorily tested, independent of the agency development and user organizations, and evaluated in an environment that assures demonstration in expected operational conditions. Exceptions to independent testing may be authorized by the agency head under such circumstances as physical or financial impracticability or extreme urgency.

c. Selection of a system(s) and contractor(s) for full-scale development and production is to be made on the basis of (1) system performance measured against current mission need and program objectives, (2) an evaluation of estimated acquisition and ownership costs, and (3) such factors as

contractor(s) demonstrated management, financial, and technical capabilities to meet program objectives.

d. The program manager will monitor system tests and contractor progress in fulfilling system performance, cost, and schedule commitments. Significant actual or forecast variances will be brought to the attention of the appropriate management authority for corrective action.

14. Budgeting and financing. Beginning with FY 1979 all agencies will, as part of the budget process, present budgets in terms of agency missions in consonance with Section 201(i) of the Budget and Accounting Act, 1921, as added by Section 601 of the Congressional Budget Act of 1974, and in accordance with OMB Circular A-11. In so doing, the agencies are desired to separately identify research and development funding for: (1) The general technology base in support of the agency's overall missions, (2) The specific development efforts in support of alternative system design concepts to accomplish each mission need, and (3) Full-scale developments. Each agency should ensure that research and development is not undesirably duplicated across its missions.

15. Information to Congress.

a. Procedures for this purpose will be developed in conjunction with the Office of Management and Budget and the various committees of Congress having oversight responsibility for agency activities. Beginning with FY 1979 budget each agency will inform Congress in the normal budget process about agency missions, capabilities, deficiencies, and needs and objectives related to acquisition programs, in consonance with Section 601(i) of the Congressional Budget Act of 1974.

b. Disclosure of the basis for an agency decision to proceed with a single system design concept without competitive selection and demonstration will be made to the congressional authorization and appropriation committees.

16. Implementation. All agencies will work closely with the Office of Management and Budget in resolving all implementation problems.

17. Submissions to Office of Management and Budget. Agencies will submit the following to OMB:

(No. A-109)

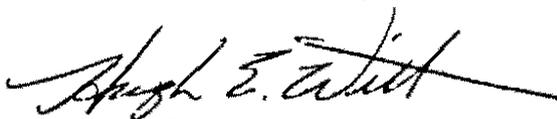
a. Policy directives, regulations, and guidelines as they are issued.

b. Within six months after the date of this Circular, a time-phased action plan for meeting the requirements of this Circular.

c. Periodically, the agency approved exceptions permitted under the provisions of this Circular.

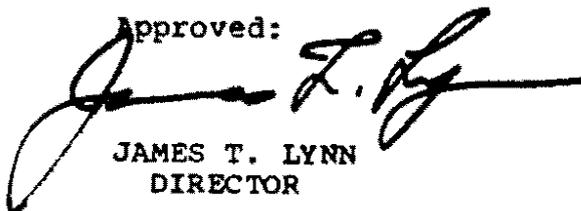
This information will be used by the OMB, in identifying major system acquisition trends and in monitoring implementations of this policy.

18. Inquiries. All questions or inquiries should be submitted to the OMB, Administrator for Federal Procurement Policy. Telephone number, area code, 202-395-4677.



HUGH E. WITT
ADMINISTRATOR FOR
FEDERAL PROCUREMENT POLICY

Approved:



JAMES T. LYNN
DIRECTOR



March 19, 1980
NUMBER 5000.2

Department of Defense Instruction USDRE

SUBJECT: Major System Acquisition Procedures

- References:
- (a) DoD Directive 5000.2, "Major System Acquisition Process," January 18, 1977 (canceled by reference (b))
 - (b) DoD Directive 5000.1 "Major System Acquisitions," March 19, 1980
 - (c) DoD Directive 5000.35, "Defense Acquisition Regulatory System," March 8, 1978
 - (d) through (u), see enclosure 1

A. PURPOSE

This Instruction replaces DoD Directive 5000.2 (reference (a)) to provide revised supplementary procedures for Department of Defense use in implementation of reference (b).

B. APPLICABILITY

The provisions of this Instruction apply to the Office of the Secretary of Defense (OSD), the Military Departments, the Organization of the Joint Chiefs of Staff (OJCS), and the Defense Agencies. As used in this Instruction, the term "DoD Components" refers to the Military Departments and the Defense Agencies.

C. PROCEDURES

1. Major System Designation. The Secretary of Defense shall designate certain acquisition programs as major systems. The Defense Acquisition Executive (DAE) may recommend candidate programs to the Secretary of Defense at any point in the acquisition process, but normally recommendations shall be made in conjunction with Mission Element Need Statement (MENS) approval. The DAE is authorized to withdraw the designation of "major systems" when changing circumstances dictate. The DAE shall advise the Secretary of Defense before such an action is taken.

2. Major System Listings. The Executive Secretary of the Defense Systems Acquisition Review Council (DSARC) shall, as the agent of the DAE, maintain and distribute a list of designated major systems. Additions and deletions to the list shall be disseminated when changes occur. The Executive Secretary, in conjunction with the Assistant Secretary of Defense (Comptroller) shall maintain a listing of programs for which Selected Acquisition Reports (SARs) are required.

3. Milestone 0 Documentation

a. Mission Element Need Statement (MENS)

(1) Purpose. A MENS is the document upon which the Milestone 0 decision is based. It identifies and defines: (a) a specific deficiency or opportunity within a mission area; (b) the relative priority of the deficiency within the mission area; (c) the Defense Intelligence Agency (DIA) validated threat forecast or other factor causing the deficiency; (d) the date when the system must be fielded to meet the threat; and (e) the general magnitude of acquisition resources that the DoD Component is willing to invest to correct the deficiency. A MENS is required for each acquisition, including system modifications and additional procurement of existing systems, which the DoD Component anticipates will cost in excess of \$100 million (FY 1980 dollars) in research, development, test and evaluation (RDT&E) funds or \$500 million (FY 1980 dollars) in procurement funds. A MENS is not required for programs, regardless of size, directed toward developing and maintaining a viable technology base.

(2) Scope. The deficiency or opportunity identified in a MENS should be defined as narrowly as possible to allow a reasonable probability of correcting the deficiency by acquiring a single system. Defining a broad architecture of systems to counter projected threats in a mission area is part of the ongoing analysis of mission areas rather than a part of a specific acquisition program. Though the scope of the deficiency identified in a MENS shall be narrowly defined, solutions to the problem shall not be specified. Alternative concepts and associated risks shall be evaluated in the Concept Exploration phase.

(3) Format. Enclosure 2 contains the format of a MENS along with explanatory information regarding its preparation.

(4) Processing

(a) DoD Components shall identify all new acquisition starts in the yearly submission of the Program Objective Memoranda (POM). These submissions shall identify those new acquisitions that are likely to exceed dollar thresholds specified above for a MENS. New system acquisitions exceeding the dollar thresholds specified above that have not previously had a MENS reviewed and approved must have a MENS submitted to the DAE no later than POM submission date. Review and approval of MENS before POM submission are encouraged.

(b) The DoD Component shall forward a draft MENS, along with a recommendation as to whether the program should be designated as a major system, to the DAE who shall solicit comments from the OSD staff, OJCS, the other Military Departments and the DIA.

1 When the DAE plans to recommend designation as a major system, comments on the MENS shall be provided to the DoD Component

within 20 workdays of receipt of the draft MENS. Upon receipt of OSD comments, the DoD Component shall revise the MENS and return it to the DAE within 20 workdays for approval action.

2 When the DAE does not recommend designation as a major system, the MENS shall be returned to the appropriate DoD Component or functional organization for milestone decision responsibility on the program.

b. Secretary of Defense Decision Memorandum (SDDM)

(1) When the DAE plans to recommend approval of the MENS and designation of a system as major, the action officer shall prepare a SDDM. The DAE shall forward the SDDM to the Secretary of Defense after formal coordination. The SDDM shall be coordinated with the DSARC permanent members and any advisors the DAE considers appropriate. The Milestone 0 SDDM shall also establish when the next milestone review shall occur.

(2) Upon approval of the MENS by a SDDM and designation of a system as major, the DoD Component may take necessary programing action to incorporate required resources into the Planning, Programing, and Budgeting System (PPBS). Programing action may be taken in parallel with preparation of the MENS. If the requirement is urgent, the MENS should be submitted with a request for reprograming action.

4. Defense Systems Acquisition Review Council (DSARC). The DSARC, acting as the top level DoD corporate body for system acquisition, shall provide advice and assistance to the Secretary of Defense. The following paragraphs set forth organizational and procedural elements of the DSARC process.

a. DSARC Permanent Members and Principal Advisors

(1) Permanent Members

- (a) Defense Acquisition Executive.
- (b) Under Secretary of Defense for Policy or a representative designated by the Under Secretary of Defense for Policy.
- (c) Under Secretary of Defense for Research and Engineering or a representative designated by the Under Secretary of Defense for Research and Engineering.
- (d) Assistant Secretary of Defense (Comptroller).
- (e) Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics).
- (f) Assistant Secretary of Defense (Program Analysis and Evaluation).

(g) Chairman, Joint Chiefs of Staff, or a representative designated by the Chairman, Joint Chiefs of Staff.

(2) Principal Advisors

(a) For communications, command, control, and intelligence (C³I) research, engineering, and program matters: Assistant Secretary of Defense (Communications, Command, Control, and Intelligence) (ASD(C³I)).

(b) For NATO affairs: Advisor to the Secretary of Defense and Deputy Secretary of Defense on NATO Affairs.

(c) For producibility and acquisition strategy matters: Deputy Under Secretary of Defense for Research and Engineering (Acquisition Policy).

(d) For program matters: Appropriate Deputy Under Secretary of Defense for Research and Engineering.

(e) For defense policy and related operational requirements matters: Appropriate Deputy Under Secretary of Defense Policy.

(f) For threat assessment and substantive intelligence matters: Director, DIA.

(g) For test and evaluation (T&E) matters: Director of Defense Test and Evaluation.

(h) For cost matters: Chairman of the Cost Analysis Improvement Group.

(i) For Logistics Support: Director, Weapons Support Improvement Group.

b. DSARC Reviews. The DAE is responsible for convening formal meetings to facilitate the decision process. Principal advisors shall not attend unless invited by the DAE. Formal DSARC reviews shall normally be held at Milestones I, II and III. In addition, any DoD Component head or DSARC member may request the Chair to schedule a meeting of the DSARC to consider significant issues at any point in the acquisition process for any major system. The Secretary of Defense may, upon the recommendation of the DAE, choose to make his decision and issue a SDDM without a formal council review. Dispensing with the formal review shall be considered by the DAE when the OSD staff review, preliminary to a scheduled review, indicates that there are no substantial issues that would require a DSARC meeting. In this case, the SDDM shall be prepared by the action officer and coordinated in accordance with subparagraph C.4.e.(4). before it is forwarded to the Secretary of Defense for his decision.

c. Milestone Review Process

(1) Milestone Planning Meeting. A planning meeting shall be scheduled by the Executive Secretary and chaired by the action officer six months in advance of each DSARC meeting. The purpose of the Milestone Planning Meeting is to identify the system and program alternatives and the issues and items to be emphasized in the Decision Coordinating Paper (DCP) and the Integrated Program Summary (IPS). DSARC members, DSARC advisors, DoD Components, and the program manager shall be represented at the meeting. After the meeting, the action officer shall prepare a memorandum recording the issues and responsibilities and distribute it to DoD Components, DSARC members, and DSARC principal advisors.

(2) For Comment DCP and IPS. The For Comment DCP and the IPS shall be submitted together by the DoD Component to the DAE three months before to a DSARC meeting. The action officer shall ensure that copies are made available to DSARC members and advisors and to their staffs for review and discussion with the DoD Components. The action officer shall prepare and transmit formal comments to the DoD Component two months in advance of the scheduled DSARC meeting. Every effort shall be made to resolve major issues before the DSARC meeting.

(3) Final DCP and IPS Update. A Final DCP and an update to the IPS shall be submitted by the DoD Component to the Secretary of Defense through the DAE 15 workdays before a scheduled DSARC meeting. The action officer shall provide copies of the Final DCP and the update to the IPS to each DSARC member and advisor.

(4) Pre-Brief Meeting. The position of each DSARC member and advisor on the DCP shall be determined by their staff representatives in time to prepare a presentation to be given to the DAE at the Pre-Brief Meeting. Attendees at the Pre-Brief Meeting shall be prepared to discuss the DCP and to provide specific program recommendations. Following the Pre-Brief Meeting, the action officer shall prepare a recommended position paper and provide copies to the members and principal advisors to the DSARC so that final action can be taken at the executive session after the formal DSARC meeting. Members and principal advisors who have dissenting positions shall be prepared to submit them at the executive session for final resolution.

(5) Post DSARC Action. Within five workdays following the DSARC meeting, the DAE shall submit the SDDM, together with any dissenting positions, to the Secretary of Defense. Normally, the SDDM shall be issued to the DoD Component within 15 workdays following the DSARC meeting.

d. Milestone Planning Schedule

Event	Schedule in Relation to Date of DSARC Meeting
Milestone Planning Meeting	- 6 months
For Comment DCP and IPS	- 3 months
DCP Comments to DoD Components	- 2 months
Final DCP and Update to IPS	- 15 workdays
OSD Cost Analysis Improvement Group (CAIG) Briefing	- 15 workdays
OSD Test and Evaluation (T&E) Briefing	- 15 workdays
OSD Manpower and Logistics Analysis (M&LA) Briefing	- 15 workdays
DIA Report to DSARC Chair	- 10 workdays
DSARC Chair's Pre-Brief Meeting (OSD Staff Only)	- 5 workdays
CAIG Report	- 3 workdays
T&E Report	- 3 workdays
M&LA Report	- 3 workdays
DSARC Meeting	0
SDDM issued to DoD Component	+ 15 workdays

e. Milestone I, II and III Documentation

(1) Decision Coordinating Paper (DCP). The DCP provides the primary documentation for use by the DSARC in arriving at the milestone recommendation. It summarizes the program and the acquisition strategy, the alternatives considered, and the issues. The format of the DCP is in enclosure 3. Notwithstanding any other DoD issuance, additional requirements for information in the DCP shall be issued only by the DAE.

(2) Integrated Program Summary. The IPS summarizes the implementation plan of the DoD Component for the life cycle of the system. The IPS provides information for a management overview of the entire

program. The format of the IPS is in enclosure 4. Notwithstanding any other DoD issuance, additional requirements for information in the IPS shall be issued only by the DAE.

(3) Milestone Reference File (MRF). A MRF shall be established at each milestone to provide a central location for existing program documentation referenced in the DCP and IPS. This working file shall be provided by the DoD Component to the DSARC Executive Secretary at the time the For Comment DCP and IPS are submitted. It shall be used by DoD personnel who need more detailed information.

(4) Secretary of Defense Decision Memorandum (SDDM)

(a) The SDDM documents the Secretary of Defense's milestone decision including approval of goals and thresholds for cost, schedule, performance, and supportability, exceptions to the acquisition process, and other appropriate direction. Before forwarding the SDDM to the DAE, the action officer shall obtain coordination from the DSARC permanent members and such advisors as the DAE considers appropriate for the action. The DAE shall forward the SDDM to the Secretary of Defense for signature.

(b) The action officer shall prepare and coordinate a SDDM to reflect revised thresholds and updated program direction resulting from threshold breaches or projected breaches reported by the DoD Component. The action officer shall also prepare and coordinate a SDDM when programing or budgeting decisions (including congressional direction) affect thresholds or program direction contained in the previous SDDM. This shall be done within 40 workdays after submission of the Presidential Budget to Congress. In the case of congressional direction, the SDDM shall be prepared and coordinated 40 workdays after the legislation is enacted.

f. DSARC Executive Secretary. The DAE shall designate a permanent Executive Secretary who shall administer and coordinate the DSARC process and:

- (1) Maintain and distribute periodic status reports.
- (2) Make administrative arrangements for Milestone Planning Meetings, Pre-Brief Meetings, and DSARC meetings.
- (3) Assemble and distribute necessary documentation.
- (4) Maintain a central reference file for current DCPs, IPSs, and SDDMs.
- (5) Hold the MRF until a SDDM is issued.
- (6) Control attendance at Pre-Brief Meetings and DSARC meetings.

g. Action Officers. The action officer appointed by the DAE for each major system is the lead OSD staff person in the DSARC process and must coordinate both OSD issues and DoD Component positions. Action

officers may be appointed from any OSD functional organization. For example, they may be from the Office of the Under Secretary of Defense for research and Engineering for systems involving research, development, and production, from the Office of the Assistant Secretary of Defense (Comptroller) for general purpose ADP systems, or from the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) for military construction that is designated as a major system. They shall:

- (1) Conduct the Milestone Planning Meeting for assigned major systems.
- (2) Process the DCP and IPS in accordance with this Instruction.
- (3) Present the DSARC Chair's Pre-Brief Meeting.
- (4) Monitor the milestone planning schedule.
- (5) Draft, coordinate, and obtain approval of all SDDMs including those necessitated by PPBS or congressional action.

D. DEFENSE ACQUISITION REGULATORY SYSTEM (DARS)

DoD directives, regulations, and instructions that relate to the acquisition process are part of the DARS as stipulated by DoD Directive 5000.35 (reference (c)). The object of this system is to provide detailed functional regulations required to govern DoD acquisition of materials, supplies, and equipment. Program managers shall tailor their programs to these issuances that are part of DARS. Principal issuances that relate to major system acquisitions are listed in enclosure 5.

E. ACQUISITION PLANNING

Special attention in the development of acquisition planning shall be given to the following matters.

1. Mission Analysis. Mission analysis is any assessment of current or projected U.S. military capability to perform assigned missions. Mission analysis shall normally evaluate the interplay of threat, capability, operations concepts, survivability, and other factors such as environmental conditions which bear on the missions of the various Components of the Department of Defense. The primary objective of mission analysis is the identification of deficiencies, so that appropriate corrective action can be initiated. The scope may vary from a very narrow subject, such as the survivability of a Minuteman silo attacked by a single reentry vehicle, to a very broad subject, such as the ability of the United States to maintain overall strategic deterrence.

2. Operational Requirements. Materials, supplies, and equipment acquired by the Department of Defense shall contribute to or support the operational requirements of the military forces in execution of missions

essential to the current national military strategy or enhance future capabilities of the military forces to achieve national and defense policy objectives. Department of Defense operational requirements should be prioritized based on their effectiveness in furthering policy objectives and strategic and operational concepts, in consideration of threat and other factors, such as environmental conditions, which bear on the missions of the various Components of the Department of Defense.

3. Threat. The effectiveness of a proposed weapon system in its intended threat environment is a fundamental concern of the acquisition effort and shall be considered by the program manager from the outset. An interactive analysis, that is, a study of the system-threat interaction, shall be conducted before Milestone I and shall be updated in greater specificity before each subsequent milestone. The intelligence used for the interactive analysis shall be provided by the DoD Component intelligence organization directly to the program manager and to DIA. Analyzing system concepts and specific systems in this manner allows program managers to identify threat parameters, such as numbers, types, mix, or characteristics of projected enemy systems, that are most critical to the effectiveness of the U.S. system. These Critical Intelligence Parameters (CIPs) shall be provided to the DIA through the DoD Component intelligence organization. The Director, DIA, shall validate threat data before its use in the interactive analysis, review CIPs output, and report the findings and conclusions in writing to the DAE 10 workdays before the DSARC meeting. The DoD Component shall confirm the effectiveness of the U.S. system in its intended threat environment at Milestones II and III.

4. Acquisition Strategy

a. Acquisition strategy is the conceptual basis of the overall plan that a program manager follows in program execution. It reflects the management concepts that shall be used in directing and controlling all elements of the acquisition in response to specific goals and objectives of the program and in ensuring that the system being acquired satisfies the approved mission need. Acquisition strategy encompasses the entire acquisition process. The strategy shall be developed in sufficient detail, at the time of issuing the solicitations, to permit competitive exploration of alternative system design concepts in the Concept Development phase. Additionally, sufficient planning must be accomplished for succeeding program phases, including production, for those considerations that may have a direct influence on competition and design efforts by contractors. The acquisition strategy shall evolve through an iterative process and become increasingly definitive in describing the interrelationship of the management, technical, business, resource, force structure, support, testing, and other aspects of the program.

b. Development of the initial program acquisition strategy shall be completed by the cognizant DoD Component as soon as possible after Milestone 0. The program acquisition strategy is unique for each program and should be tailored by the program manager to the circumstances surrounding the program. Intended exceptions to applicable DoD Directives

and Instructions should be noted in the acquisition strategy summary. Advice and assistance should be sought from business and technical advisors and experienced managers of other major system programs.

c. While the acquisition strategy developed is not a document requiring DAE approval, the program manager shall be required to keep all management levels informed on strategy and shall be required to summarize certain aspects of it at the milestone decision points. At the earliest practical date and no later than Milestone II, the program manager shall be required to have a comprehensive strategy for full-scale development, test and evaluation, and production. The strategy for production shall be updated at Milestone III.

5. Management

a. Management Information. Management information shall be limited in all areas of activity to information essential to effective control. Normally, the required information shall be provided from the same data base used by the contractor for management decision making. A realistic work breakdown structure that is limited to the minimum number of levels necessary shall be developed for each program as a framework for planning and assignment of responsibilities, reporting progress, and as a data base in making cost estimates for other systems. A configuration management plan, that is consistent with the work breakdown structure, shall be developed for each program.

b. Programing and Budgeting. Secretary of Defense milestone decisions are based upon review of details of one particular program and reflect the readiness of that system to progress to the next acquisition phase. The program must compete for funds with other programs in the PPBS process. The Secretary of Defense milestone decision is based on specific schedule, cost and operational effectiveness estimates which, if changed significantly, might alter the Secretary of Defense milestone decision. PPBS actions by the DoD Components and the OSD staff, that cause the schedule and cost estimates to change significantly enough to call into question the last milestone decision, shall be explained by the DoD Component or OSD staff element proposing the change in the PPBS document.

c. Estimates. The validity of decisions reached at each milestone depends upon the quality of cost, schedule, performance, and supportability estimates presented at the milestone reviews. Although there is considerable uncertainty early in the acquisition process, every effort must be made to use the best available data and techniques in developing estimates. Bands of uncertainty shall be identified for point estimates. Broad bands of uncertainty shall be expected early in the acquisition process, with smaller bands developed as the program matures and uncertainty decreases. Traceability of successive cost estimates, to include adjustments for inflation and to segregate estimating error from program changes, shall be maintained starting with program cost estimates approved at Milestone I.

(1) A life-cycle cost estimate shall be prepared at Milestone I, using the best available data and techniques. An updated life-cycle cost estimate shall be provided for each subsequent milestone. These cost estimates shall be developed as soon as ongoing development activities permit to eliminate unnecessary delays in the milestone decision process.

(2) Milestone I cost, schedule, performance, and supportability goals shall not inhibit tradeoffs among these elements by the program manager in developing the most cost-effective solution to the mission need.

(3) Goals and thresholds for cost, schedule, performance, and supportability shall be documented in the SDDM. At Milestone II, firm design-to-cost goals shall be established for the system or systems selected for full-scale development. Program accomplishments shall be evaluated against cost, schedule, and supportability goals with the same rigor as the evaluation of technical performance.

d. Thresholds. Threshold values shall be proposed at Milestones I, II, and III by the DoD Component and approved by the Secretary of Defense for cost, schedule, performance, and supportability. These values shall reflect reasonable variances that are acceptable for the goals proposed in the DCP. At Milestone I, threshold values shall be established for only a few items and the distance between the goal and the threshold for individual items may be larger than at subsequent milestones. Program managers are responsible for reporting actual and projected threshold breaches immediately to each line official and the DAE. Following this initial report, the DoD Component shall provide the DAE with an assessment of the problem, a description of the action to be taken to resolve the problem and, if required, a recommendation to establish new threshold values. Approved changes to thresholds shall be documented in a SDDM.

e. Selected Acquisition Reports (SAR). SARs shall be submitted for all major systems in accordance with DoD Instruction 7000.3 (reference (d)). The SAR baseline (Development Estimate) shall be extracted from the goals approved in the SDDM at Milestone II.

f. Use of Government or Not-For-Profit Organizations. When Government laboratories, federally funded research and development centers, educational institutions, and other not-for-profit organizations submit alternative major system design concepts for consideration, care shall be taken to exclude such proposing organizations from participating in the evaluation process on those systems. If further exploration of an alternative system design concept submitted by one of these organizations is appropriate, that concept may be made available to industry to propose on the continued development stages. In selected cases where no capability exists in the private sector or when it may be in the best interest of the Government to do so, DoD research and development centers may be assigned development tasks to complement a major system development. DoD research and development centers may be used as a technical arm of the program management office, especially in matrix management organizations. Typical

assignments may include actions such as studies, analysis, technology development, systems engineering, risk and cost reduction efforts, and development test and evaluation.

g. Affordability

(1) Affordability, the ability to provide adequate resources to acquire and operate a system, is principally a determination of the PPBS process. The ability to provide sufficient resources to execute a program in an efficient and effective manner is a fundamental consideration during milestone reviews. Requests or proposals to proceed into the next acquisition phase shall be accompanied by assurance that sufficient resources are or can be programmed to execute the program as directed by the Secretary of Defense.

(2) The DoD Component shall describe in the MENS the general magnitude of resources it is prepared to commit to acquire a system to satisfy the need. At Milestone I, affordability considerations shall be used as a factor in determining the selection of alternative concepts. At Milestones II and III, a favorable decision shall not be made unless the system's projected life-cycle costs, including product improvement and other modifications, are within the amounts reflected in the latest Five Year Defense Plan/Extended Planning Annex (FYDP/EPA) or unless compensating changes are made to other items in the defense program.

(3) The DoD Component briefing presented to the DSARC at Milestones I, II, and III shall include the following affordability considerations:

(a) Comparison of program resource estimates with latest PPBS projections (including the extended planning annex).

(b) Identification of the relative ranking for this system and the DoD Component's other major systems in the same mission area and general time frame in the latest program or budget submission.

(c) Analysis of variation in unit cost (recurring hardware, flyaway, and procurement) with production rate (Milestones II and III).

(d) Identification of potential offsets necessary to provide the resources to execute the remaining phases of the program where program cost estimates provided to the DSARC exceed latest budget projections. Where joint programs are involved, offset identifications shall not be limited to the lead DoD Component.

h. Timeliness. An objective of any acquisition is to achieve Initial Operational Capability (IOC) within the time dictated by the need or threat. When technical, cost, and supportability risks are low or when the urgency to counter a threat transcends high technical, cost, and supportability risks, DoD Components should give consideration to minimizing acquisition cycle time by planned concurrency. This may include

increasing funding, overlapping, combining, or omitting the phases of the acquisition process or overlapping or combining development T&E with operational T&E. The amount or degree of such concurrency should be based on the extent of potential savings in acquisition time balanced against technical, cost and supportability risks and national urgency in each acquisition program. To achieve timely deployment, consideration may also be given to accepting system performance growth after deployment. When any of the foregoing actions are planned, the risks associated therewith will be discussed in the documentation provided to the DSARC. Further, when tailoring of the acquisition process includes modification or reduction of the number of milestone reviews by the Secretary of Defense, the planned approach must be approved in a SDDM.

i. Joint Programs. When system acquisition programs involve more than one DoD Component, the SDDM shall specify the lead DoD Component and provide explicit guidance on the responsibilities of the participating DoD Components, including threat support. The lead DoD Component shall assign the program manager and request the other participating DoD Components to assign deputy program managers. The lead DoD Component shall also establish the program's objectives by promulgating a program charter after coordination with the other participating DoD Components.

6. Competitive Concept Development

a. Alternative Concept Solutions. Alternative concept solutions to the mission need shall be obtained competitively unless the Secretary of Defense, in approving the MENS, has approved pursuing a single concept. Even when pursuing a single concept, competition should be considered in development of that concept. The widest possible range of acquisition and support alternatives to satisfy the mission need shall be considered. Foreign contractors should be included in solicitations, when feasible and when not prohibited by National Disclosure Policy. At a minimum, solicitations shall outline the need in mission terms, schedule objectives and constraints, system cost objectives, and operating and deployment constraints.

b. Standards and Specifications. Maximum use should be made of architectural standards and functional specifications that include only minimum requirements. Specifications stated in detailed or how to language should be avoided, when possible. The number of government specifications and standards specified or referenced in solicitations shall be minimized. Solicitations should normally not specify standard support concepts. If nonstandard support concepts are proposed, they shall be accompanied with estimates of the cost to implement them.

7. Contracting

a. Pre-Proposal Briefings. Program managers should conduct orientation briefings for all interested participants and, where appropriate,

allow industry to comment on acquisition strategy and drafts of solicitations. The objectives are to remove inhibitors to innovative solutions and to improve the approach to achieving all system objectives.

b. Competition. Competition should be introduced in the Concept Exploration phase and maintained throughout the acquisition cycle as long as economically practical. In addition, both the government and its contractors shall break out components for competition throughout the acquisition cycle to the maximum extent possible. Techniques and procedures that result in cost auctioning between prospective contractors or where technical ideas or data are shared with other contractors without prior authorization of the source are prohibited.

c. Socioeconomic Program Implementation. Government socioeconomic programs must be considered throughout the system acquisition process. Particular emphasis shall be placed on contracting with small and disadvantaged business firms.

8. Design Considerations

a. Standardization in Engineering Design. Standardization shall be applied in design during the Demonstration and Validation phase and the Full-Scale Development phase, as appropriate, to reduce cost of production and operational support and to accelerate timely operational readiness through optimum utilization of existing or codeveloped subsystems, equipment, components, parts, and materials common to other systems and available in supply. Standardization shall be optimized to enhance nuclear and nonnuclear survivability and endurance, quality, reliability, maintainability, supportability, and life-cycle cost but shall not compromise essential performance or excessively inhibit the application of new technology and innovative, advanced design. A standardization program, including a parts control program, shall be applied in accordance with methods and objectives described in DoD Directive 4120.3 (reference (e)) and DoD Instruction 4120.19 (reference (f)).

b. Production Planning. From the early phases of the program, consideration shall be given to the costs of production, including total government investment required to ensure adequate production facilities, availability of critical materials, and capability. Affordability must be considered in production planning. The program manager shall also consider means to increase the possibilities for competition during production. When the program requires production of conventional ammunition, early coordination is required with the single manager for conventional ammunition to ensure that the ammunition production plan considered at Milestone II can be executed. Refer to DoD Directive 5160.65 (reference (g)).

c. Operational Concept. The operational concept specifies how the system shall be integrated into the force structure and deployed and operated in peacetime and wartime to satisfy the mission need set forth in the MENS. It establishes required readiness and activity rates and provides the basis for further integrated logistics support planning. An initial

operational concept and system readiness objective must be developed by Milestone I for each alternative and finalized by Milestone II. The operational concept and system readiness objective shall be maintained throughout the program.

d. Manpower and Training

(1) New systems shall be designed to minimize both the numbers and the skill requirements of people needed for operation and support, consistent with system availability objectives. Manpower and personnel factors, to include numbers, occupations, and skill levels of manpower required, shall be included as considerations and constraints in system design. Integration of manpower and personnel considerations with the system shall start with initial concept studies and shall be refined as the system progresses to form the basis for crew station design, personnel selection and training, training devices and simulator design, and other planning related to manpower and personnel.

(2) Where applicable, planning for training shall consider provisions for unit conversion to the fielded system and training of reserve component personnel. Such planning shall consider tradeoffs conducted among equipment design, technical publications, formal training, on-the-job training, unit training, and training simulators and shall develop a cost-effective plan for attaining and maintaining the personnel proficiency needed to meet mission objectives.

(3) After Milestone 0, manpower requirements shall be subjected to tradeoffs with system characteristics and support concepts. Manpower goals and thresholds consistent with projected activity levels, maintenance demands, and support concepts shall be identified by Milestone II. Tradeoffs for maintenance effectiveness among manpower (numbers, occupations, and skill levels), support equipment, system design, and the support structure shall be conducted. The manpower and training requirements to support peacetime readiness objectives and wartime employment shall be developed by Milestone III. These requirements shall be based upon considerations that include available Operational Test and Evaluation results and current field experiences with similar equipment.

e. System Energy Requirements. Energy requirements shall be considered in system selection and design. Major considerations shall be minimum energy usage and the substitution of other energy sources for petroleum and natural gas.

f. Electromagnetic and Other Spectrum Allocation. Planning and coordination for spectrum allocation, compatibility, and use with other systems having related spectra shall be conducted as early as possible for all systems involving intentional radiation or reception of electromagnetic energy, optical energy, acoustic energy, or other types of energy.

g. Deployment Requirements. When deployment is a requirement, transportability shall be a system selection and design factor. The

transportability of individual systems and components and units equipped with such systems in programed military and Civil Reserve Air Fleet aircraft or other transportation modes shall be evaluated. Tradeoffs between transportability and combat effectiveness may be appropriate. Both inter-theatre and intratheatre transportability shall be considered.

h. Safety and Health. System safety engineering and management programs shall be in accordance with the criteria and procedures in DoD Instruction 5000.36 (reference (h)) to ensure that the highest degree of safety and occupational health, consistent with mission requirements and cost effectiveness, is designed into DoD systems.

i. Environment. Environmental consequences of system selection, development, production, and deployment shall be assessed at each milestone, and environmental documentation, prepared in accordance with DoD Directive 6050.1 (reference (i)).

j. Quality. A quality program shall be implemented in accordance with the criteria and procedures set forth in DoD Directive 4155.1 (reference (j)) to ensure user satisfaction, mission and operational effectiveness, and conformance to specified requirements.

k. Security. Physical security requirements shall be incorporated into the design of any system in which security of the system or of its operating or supporting personnel is essential to the readiness and survivability of the system. Deployment of the physical security subsystem shall take into account the requirements of DoD Directive 3224.3 (reference (k)).

9. Reliability and Maintainability (R&M). Goals and thresholds shall be proposed in the DCP at Milestone II for system R&M parameters directly related to operational readiness, mission success, nuclear and nonnuclear survivability and endurance, maintenance manpower cost, and logistic support cost. R&M goals and thresholds shall be defined in operational terms and shall include both contractor furnished equipment (CFE) and government furnished equipment (GFE) elements of the system.

a. R&M goals shall be realistically achievable in service. When possible, operational R&M deficiencies shall be precluded by design of CFE, by careful selection of GFE, and by tailoring of R&M-related operating and support concepts, policies, and planning factors.

b. The R&M thresholds recommended at Milestone II shall be the minimum operational values acceptable to the DoD Component. Thresholds approved in the SDDM at Milestone II shall be achieved before Milestone III. Thresholds approved in the SDDM at Milestone III shall be achieved during initial deployment.

c. R&M growth shall be predicted and graphically displayed in the IPSs prepared for Milestones II and III. The SDDM shall include threshold

values, with specified confidence levels, at interim review points. A threshold breach shall be reported at these points if these threshold values are not achieved.

d. Resources shall be identified for incorporation and verification of R&M design corrections during full-scale development and initial deployment. Assessment of current R&M values and timely corrective action are required until all R&M thresholds approved at Milestone III have been achieved in service or approved by waiver.

10. Test and Evaluation. Test and evaluation shall commence as early as possible. An estimate of operational effectiveness and operational suitability, including logistic supportability, shall be made prior to a full-scale production decision. The most realistic test environment will be chosen to test an acceptable representation of the operational system. Refer to DoD Directive 5000.3 (reference (l)).

11. Logistics. Integrated logistic support plans and programs, including NATO or bilateral allied support, shall be structured to meet peacetime readiness and wartime employment system readiness objectives tailored to the specific system. Beginning early in the system development process, both Department of Defense and industry shall consider innovative manpower and support concepts. Alternative maintenance concepts shall be assessed during concept development and at other appropriate points of the life cycle. Readiness problems and support cost drivers of current systems shall be analyzed to identify potential areas of improvement to be addressed during concept formulation. Program goals shall be based on quantitative analysis and established by Milestone II. Detailed support planning shall be initiated during full-scale development, and firm requirements shall be established before Milestone III. The supportability of a system's nuclear hardness design shall receive explicit consideration. Logistics and manpower planning shall be adjusted based on follow-on T&E and other appropriate reviews. Before Milestone III, the acquisition strategy shall be updated to include follow-on support in accordance with DoD Directive 4100.35 (reference (m)).

12. Computer Resources. Acquisition of embedded computer resources for operational military systems (including command and control systems) shall be managed within the context of the total system.

a. Requirements for interfaces between computers and plans to achieve that interface must be identified early in the life cycle. Plans for software development, documentation testing, and update during deployment and operation require special attention.

b. Computer resource planning shall be accomplished before Milestone II and continued throughout the system life cycle.

c. Computer hardware and software shall be specified and treated as configuration items. Baseline implementation guidance is contained in DoD Instruction 5010.19 (reference (n)).

13. Command and Control Systems

a. The major characteristics of command and control systems that require special management procedures are a rapidly evolving technological base, multiple requirements for internal and external interfaces, and reliance on automatic data processing hardware and related software. Such command and control systems differ from other weapon systems: they are acquired in small numbers, in some cases only one of a kind; their operational characteristics are largely determined by the users in an evolutionary process; and commercial equipment exists that can emulate the function. For command and control systems meeting the above criteria, acquisition management procedures should allow early implementation and field evaluation of a prototype system using existing commercial or military hardware and software.

b. Upon the recommendation of the appropriate using command, the DoD Component or the ASD(CI), an alternate acquisition procedure shall be presented for approval by the Secretary of Defense. Following the documentation of a command and control major system requirement in a MENS approved by the Secretary of Defense in a SDDM, the design and testing of such systems should, in most cases, be accomplished in an evolutionary manner. These command and control systems shall be configured initially as prototypes using existing military or commercial equipment to the maximum extent possible and with a minimum of additional software. The designated users should be tasked to test various configurations in an operational environment using prototype and laboratory or test bed equipment and to assume the major responsibility for the Demonstration and Validation phase. In these cases, it shall be necessary for the DoD Component to recommend in the MENS that the Concept Exploration phase be combined with the Demonstration and Validation phase. The end result of combining these phases shall be a definition of a command and control system, including operational software, tailored to meet the commander and user needs and the documentation necessary for operational employment. When these objectives are achieved, the DoD Component shall normally recommend that the system be procured in sufficient numbers for initial fielding. In other cases, the DoD Component may decide to use the results of the test bed to initiate a competitive Full-Scale Development phase.

c. The procedures described in this paragraph are equally applicable to those non-major command and control systems that meet the criteria described above. Developers of such systems should be encouraged to pursue these alternative procedures when appropriate.

14. International Programs: NATO Rationalization, Standardization and Interoperability (RSI). DoD Components shall take action on the following areas and report progress at all milestone reviews.

a. Consider NATO country participation throughout the acquisition process. This includes standardization and interoperability with other NATO weapons systems.

b. Consider NATO doctrine and NATO member threat assessments. In development of MENS, mission needs of NATO members shall be considered. In general, data that cannot be disseminated to foreign nations shall not be included in MENS.

c. Solicit NATO member contractors for bids and proposals on U.S. systems and components when such an opportunity is not precluded by statute or by the National Disclosure Policy.

d. During the evaluation of alternative system concepts, the DoD Component shall:

(1) Consider all existing and developmental NATO member systems that might address the mission need. Identify any performance, cost, schedule, or support constraints that preclude adoption of a NATO system.

(2) Determine testing requirements for NATO member candidate systems recommended for further development or acquisition.

(3) Determine whether a waiver of "Buy American" restrictions is appropriate, when a Secretary of Defense determination has not been made.

(4) Develop plans for further international cooperation in subsequent phases of the acquisition cycle for items such as cooperative development, coproduction, subcontracting, and cooperative testing or exchange of test results.

(5) Recommend U.S. position on third-country sales, recoupment of research and development costs or sharing research and development costs, and release of technology.

e. In subsequent phases of the acquisition cycle, DoD Components shall:

(1) Continue to expand and refine plans for international cooperation.

(2) Develop plans for host nation initial or joint logistics support, if applicable.

F. ORDER OF PRECEDENCE

The provisions of DoD Directive 5000.1 (reference (b)) and this Instruction are first and second in order of precedence for major system acquisition except where statutory requirements override. Any Department of Defense issuance in conflict with DoD Directive 5000.1 (reference (b)) or this Instruction shall be changed or canceled. Conflicts remaining after 90 days from issuance of this Instruction shall be brought to the attention of the originating office and the DAE.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. Forward one copy of implementing documents to the Under Secretary of Defense for Research and Engineering within 120 days.

W. Graham Claytor, Jr.

W. Graham Claytor, Jr.
Deputy Secretary of Defense

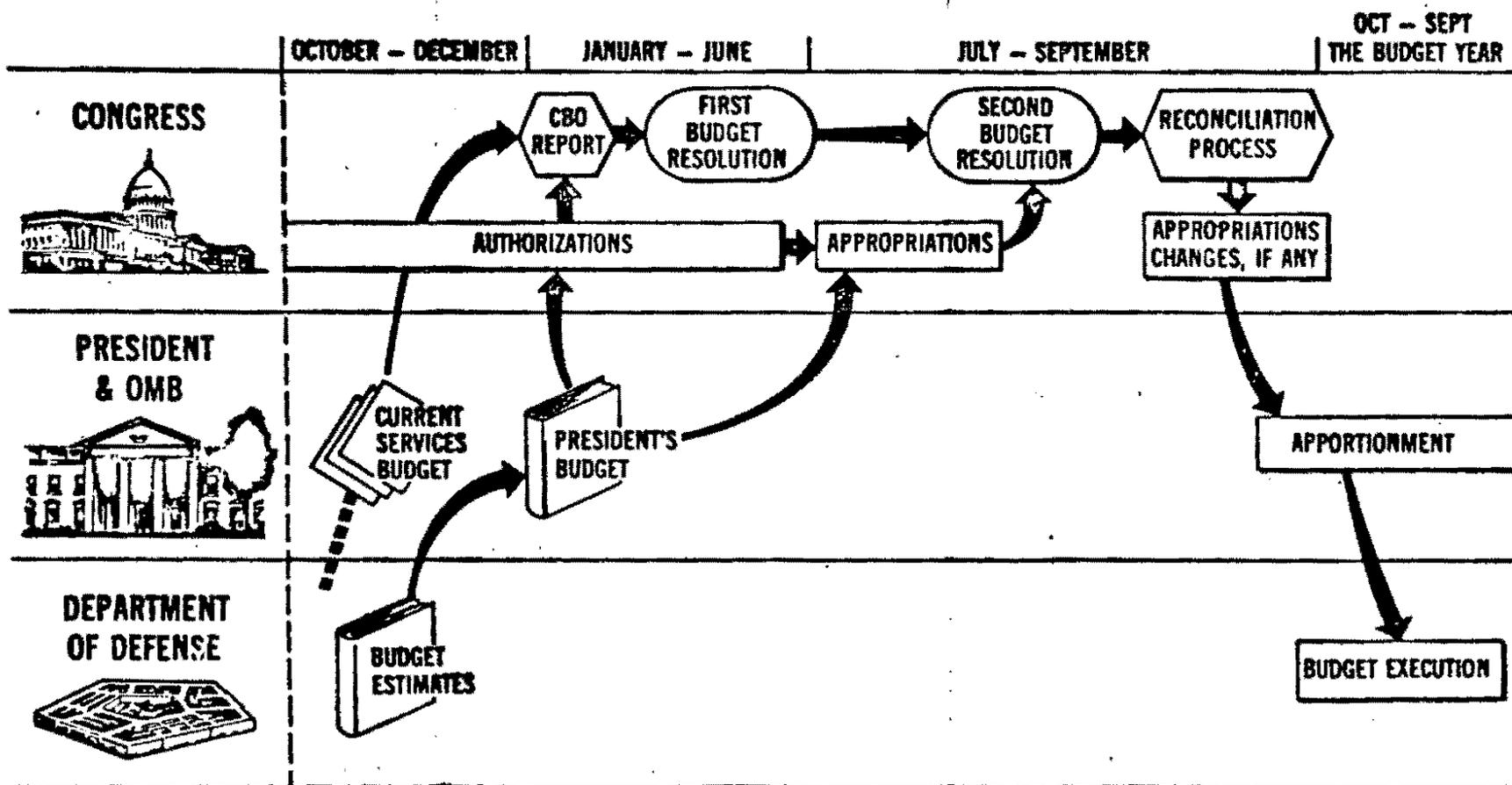
Enclosures - 5

1. References
2. Mission Element Need Statement (MENS) - Format
3. Decision Coordinating Paper (DCP) - Format
4. Integrated Program Summary (IPS) - Format
5. DoD Policy Issuances Related to Acquisition of Major Systems

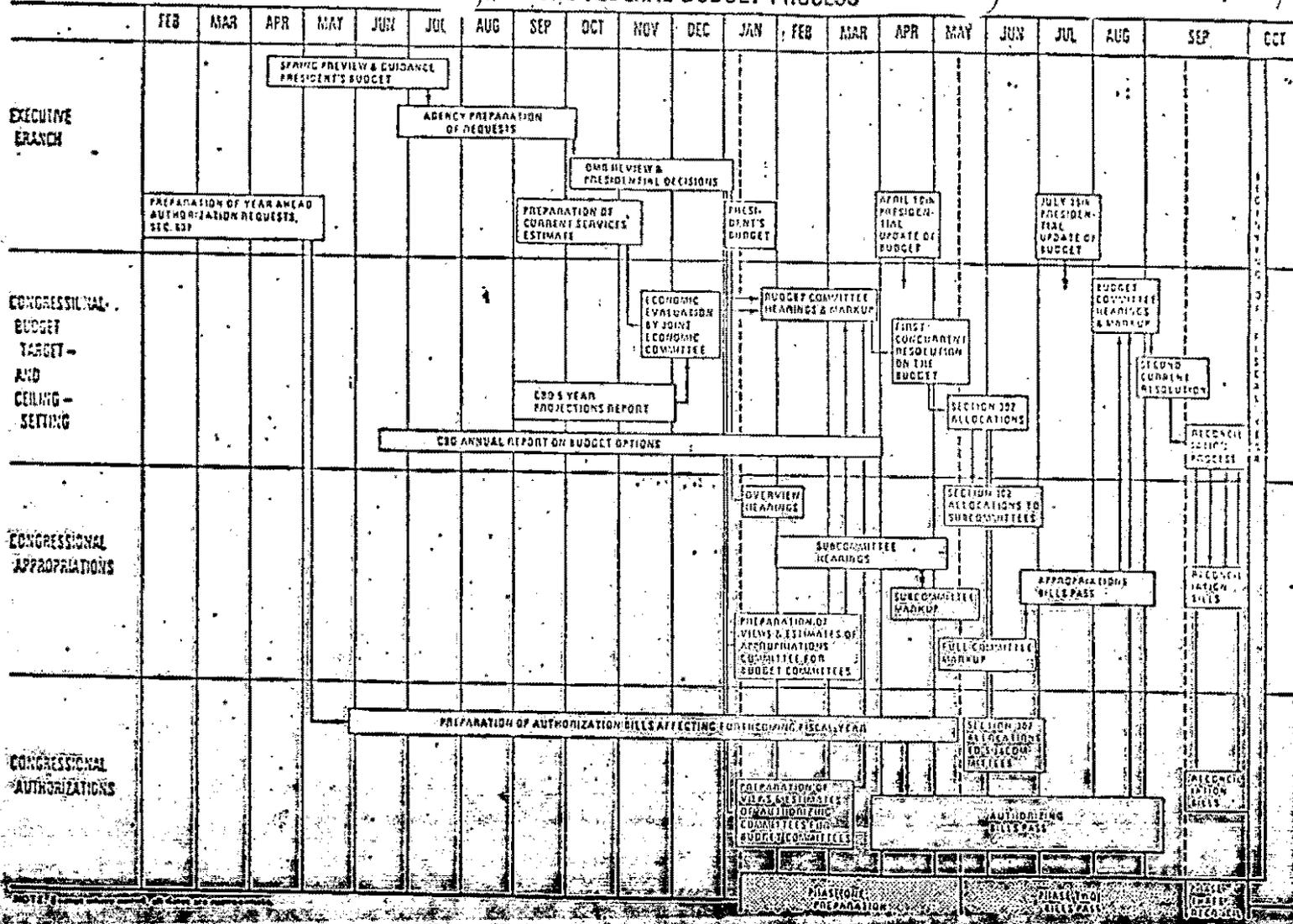
SUMMARY OF THE CONGRESSIONAL BUDGET PROCESS

- THIS SECTION PROVIDES A BRIEF DESCRIPTION OF THE CONGRESSIONAL BUDGET PROCESS AS ESTABLISHED BY THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.
- THE ACT ESTABLISHES A TIMETABLE FOR VARIOUS PHASES OF THE BUDGET PROCESS.
- THE ACT ALSO ESTABLISHES PROCEDURES FOR CONGRESSIONAL REVIEW OF PRESIDENTIAL IMPOUNDMENT ACTIONS.

BUDGET PROCESS – NEW STYLE



1. THE FEDERAL BUDGET PROCESS



THE CONGRESSIONAL BUDGET PROCESS

Synopsis

P.L. 93-344, The Congressional Budget Act of 1974, established new procedures for Congress to handle appropriations. The essence of the system is the "Concurrent Resolution on the Budget." These Budget Resolutions set forth, on an aggregate basis, the size of the United States Budget; amount of budget authority; level of outlays; level of revenues; surplus or deficit; and change in the debt. This allows Congress the chance to examine the Budget as a whole, and to consider its impact on the national economy. Heretofore, Congress has had no comprehensive overview of the Budget. Rather, appropriation bills were acted upon separately with little attempt to relate revenues to outlays.

The first Budget Resolution is designed to act as a target for Congressional action during the summer--it is not binding, in that Congress may take any action it chooses on appropriations bills. But through periodic scorekeeping reports issued by the Budget Committees and the Congressional Budget Office (all established by P.L. 93-344), Congress may compare amounts in appropriation bills with the targets in the first Budget Resolution. The second Budget Resolution revises or reaffirms the figures in the first Resolution and makes them binding. Thus, the outlay target in the first Budget Resolution becomes a spending ceiling by the second; the revenue target in the first Resolution becomes a "revenue floor" in the second. The second Resolution may also direct other committees of Congress to take actions in compliance with the binding limits in that Resolution. For example, the Appropriations Committee may be directed to rescind amounts already enacted.

The Budget Resolutions also serve a second major purpose: they allow Congress to debate and, if desired, to adjust the priorities inherent in the aggregate figures. This is accomplished by dividing the totals among functional categories, such as Agriculture, National Defense, or Health. As well as adjusting the totals, Congress may adjust the mix.

HOUSE COMMITTEE ON THE BUDGET

THE CONGRESSIONAL BUDGET PROCESS

INFORMATION GATHERING, ANALYSIS, AND PREPARATION OF 1ST BUDGET RESOLUTION

ADOPTION OF 1ST BUDGET RESOLUTION

CONGRESSIONAL ACTION ON SPENDING BILLS

ADOPTION OF 2ND BUDGET RES. AND RECONCILIATION

OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER
	10	31	Approx. 1st week in Jan.		15	15	15				7th day after Labor Day 15 25	
President Submits Current Services Budget (Sec. 501)	President Submits Current Services Budget (Sec. 625(a))	H. Economic Committee Reports Analysis of Current Services Budget to Budget Committee (Sec. 625(b))	President Submits Budget (15 days after Congress convenes) (Secs. 661, 662, 664)		All Committees and H. Committee Submit Estimates and Views to Budget Committee (Sec. 301(a))	BUDGET COMMITTEES REPORT 1ST BUDGET RESOLUTION TO HOUSE BEFORE APR. 15 TH (Sec. 301(b))	CONGRESS COMPLETES ACTION ON 1ST BUDGET RESOLUTION (Sec. 301(b)) Deadline for Committees to Report Authorizations, BAs, Issue exceptions, and waiver procedure (Sec. 402(a)(6))		CONGRESS ENACTS APPROPRIATIONS AND SPENDING BILLS CBO Issues Periodic Scorekeeping Reports Comparing Congressional Action with 1st Budget Resolution (Sec. 302(b))		CONGRESS COMPLETES ACTION ON 2ND BUDGET RESOLUTION (Sec. 310(a)(6))	FISCAL YEAR BEGINS
				BUDGET COMMITTEES HOLD HEARINGS BEGIN WORK ON 1ST BUDGET RESOLUTION (Sec. 301(d))		CBO Report to Budget Committee (Sec. 302(f))	HOUSE AND SENATE CONSIDER 1ST BUDGET RESOLUTION (Sec. 305) CONFERENCE ACTION AND ADOPTION OF CONFERENCE REPORT (Sec. 305)	Before Adoption of 1st Budget Resolution, Senate Must Consider New Budget Authority or Spending Authority BAs, Revenue Changes, or Debt Limit Changes (Issue exceptions, and waiver procedure) (Sec. 303(a)(6))	As Possible, CBO Cost Analyses and 5-Year Projections Will Accompany All Reported Public BAs, Except Appropriation Bills (Sec. 402) Reports on New Budget Authority and Tax Expenditure BAs Must Contain Comparisons With 1st Budget Resolution, and 5-Year Projections (Sec. 308(a))	BUDGET COMMITTEES PREPARE 2ND BUDGET RESOLUTION AND REPORT	CONGRESS COMPLETES ACTION ON 2ND BUDGET RESOLUTION (Sec. 310(a)(6))	
CBO 5-Year Projection Report (As soon as possible after Oct. 1) (Sec. 302(k))					Legislation Providing Contract or Borrowing Authority Must Be Made Subject to Appropriation Acts (Sec. 401(a))		Conference Report Joint Explanatory Statement Allocates Total Levels of Budget Authority and Outlays Among Committees (Sec. 302(b))	Before Reporting 1st Regular Appropriation BA, House Appropriations Committee to Extent Practicable, Make up all Regular Appropriation BAs and Submit Summary Report to House, Comparing Proposed Outlays and Budget Authority Levels With 1st Budget Resolution (Sec. 307)	If a Committee Reports New Entitlement Legislation that Exceeds Appropriate Allocation in Latest Budget Resolution, It Shall Be Referred to the Appropriations Committee with Instructions to Report its Recommendations Within 15 Days (Sec. 401(b)(2))	CONGRESS COMPLETES ACTION ON 2ND BUDGET RESOLUTION (Sec. 310(a)(6))	Thereafter, Neither House May Consider Any Bill or Amendment, or Conference Report, that Results in An Increase Over Budget Outlay or Authority Figure, or a Reduction in Revenue Level, Adopted in 2nd Resolution (Sec. 311(a))	Congress May Not Adopt Until it Completes Resolution and Reconciliation Measure, if Any (Sec. 310(d))

THE CONGRESSIONAL BUDGET AND IMPOUNDMENT
CONTROL ACT OF 1974

THE CONGRESSIONAL BUDGET PROCESS

Title III of the Act establishes a timetable for various phases of the congressional budget process, prescribing the actions to take place at each point. Following is a description of the elements of the congressional budget timetable set forth in Section 300 of the Act:

Action to be completed

On or before Nov. 10 ----- President submits current services budget

Submission of a current services budget is the first element in the timetable. This document estimates the budget authority and outlays needed to carry on existing programs and activities for the next fiscal year under certain economic assumptions. Its purpose is to give the Congress, at the earliest date possible (just one month after the current fiscal year has begun), detailed information with which to begin analysis and preparation of the budget for the upcoming fiscal year.

Thus, the Congressional Budget Office (CBO) and the House and Senate Budget Committees begin work on new budget projections based on the current fiscal year's levels. To help them evaluate the President's projections, the Act requires the Joint Economic Committee to report to the Budget Committees by December 31 on the estimates and economic assumptions in the current services budget.

Action to be completed

On or before 15th day ----- President submits his budget
after Congress meets

The President's budget is required to be submitted 15 days after the Congress convenes. This budget remains one of the major factors in the development of the congressional budget. Shortly after its submission, the two Budget Committees begin hearings on the budget, the economic assumptions upon which it is based, the economy in general, and national budget priorities. Participants at these hearings include Administration officials, Members of Congress, and representatives of various national interest groups.

Action to be completed

On or before Mar. 15 ----- Committees and joint committees
submit reports to Budget Committees

An important step in the budget process is the submission of the views and recommendations of all standing committees of the House and Senate.

These reports are due March 15, one month in advance of the reporting date of the first concurrent resolution on the budget. These reports are important to the proper functioning of the budget process and, accordingly, are made mandatory by the Act. They provide the Budget Committees with an early and comprehensive indication of committee legislative plans for the next fiscal year. These reports contain the views and estimates of new budget authority and outlays to be authorized in legislation under their jurisdictions which will become effective during the next fiscal year.

In addition, the Joint Economic Committee is directed to submit a report with its recommendations as to the fiscal policies that would be appropriate to achieve goals of the Employment Act of 1946.

Action to be completed

On or before Apr. 1 ----- CBO submits report to Budget Committees

The CBO is required to submit its report to the Budget Committees on or before April 1. This report deals primarily with overall economic and fiscal policy and alternative budget levels and national budget priorities.

Action to be completed

On or before Apr. 15 ----- Budget Committees report first concurrent resolution on the budget to their Houses

April 15 is fixed by the Act as the deadline for reporting by the Budget Committees of the first concurrent resolution on the budget. This date allows a maximum of one month for floor consideration in each House, conference between the two Houses, and adoption of conference reports, required to be completed by May 15.

The concurrent resolution sets forth the following:

1. The appropriate levels of total budget authority and outlays for the next fiscal year, both in the aggregate and for each major functional category of the budget.
2. The appropriate budget surplus or deficit for the next fiscal year.
3. The recommended level of Federal revenues and recommended increases or decreases in revenues to be reported by appropriate committees.
4. The appropriate level of the public debt and recommended increases or decreases to be reported by appropriate committees.
5. Any other matters deemed appropriate to the congressional budget process.

In addition, the report on the resolution compares the Budget Committee's revenue estimates and budget authority and outlay levels with the estimates and amounts in the President's budget. It also identifies the recommended sources of revenues; makes five-year budget projections; and indicates significant changes, if any, in Federal aid to States and localities.

The first budget resolution for a given fiscal year establishes targets for budget authority and outlays for each of the major functional categories, as well as for the five major budget aggregates--revenues, budget authority, outlays, deficit, and public debt. These budget targets, which represent a congressional determination of appropriate fiscal policy and national budget priorities, guide the Congress in its subsequent spending and revenue decisions. With the adoption of the second concurrent budget resolution, the aggregate budget authority, outlays, and revenue levels become binding.

Following adoption of the budget resolutions, the Budget Committee, aided by the CBO, provides up-to-date scorekeeping reports to inform Members as to how congressional action on spending and revenues compares with the budget aggregates and functional targets in the resolution.

Action to be completed

On or before:

May 15 -----	Committees report bills authorizing new budget authority
May 15 -----	Congress completes action on first concurrent resolution on the budget

May 15 is a key date in the new budget process for two reasons:

First, it is the deadline for the reporting of legislation authorizing new budget authority, a requirement imposed by Section 402 of the Act. Authorization measures reported after that date may be considered in the House only if an emergency waiver reported by the Rules Committee is adopted. Exempted from this May 15 reporting requirement are entitlement bills and omnibus social security legislation.

This reporting deadline is an important part of both the overall budget process and a prerequisite to the timely enactment of appropriation bills. In addition, section 607 of the Act requires advance submission by the Executive Branch of proposed authorizing legislation (that is, submission at least one year and 4½ months in advance of the fiscal year to which it applies); and the statement of managers on the Budget Act legislation expresses its expectation that the Congress will develop a pattern of advance authorizations for programs now authorized on an annual or multi-year basis.

Second, May 15 is the deadline for the adoption of the first budget resolution by the Congress; and prior to its adoption, neither House

may consider any revenue, spending, entitlement, or debt legislation. The only measures permitted to be considered prior to the adoption of the first resolution are those involving advance budget authority or changes in revenues which first become effective following the fiscal year dealt with in the first resolution.

In addition to the various matters required to be included in the resolution, the Act also provides for important material to be included in the joint statement of managers accompanying the conference report.

The joint statement must distribute the allocations of total budget authority and outlays contained in the resolution among the appropriate committees of the House and Senate. For example, if the conference report allocates \$7 billion in budget authority and \$6 billion in outlays for a certain functional category, the statement of managers must divide those amounts among the various committees of the House and Senate with jurisdiction over programs and authorities covered by that functional category. Each committee to which an allocation is made must, in turn, further subdivide its allocation among its subcommittees or programs, and promptly report such subdivisions to its House.

Action to be completed

On or before 7th day after Labor Day ----- Congress completes action on bills and resolutions providing new budget authority and new spending authority

The next critical date in the budget process is the 7th day after Labor Day, the deadline for completing action on all regular budget authority and entitlement bills. The only exception to this requirement is for appropriations bills whose consideration has been delayed because necessary authorizing legislation has not been timely enacted.

This deadline is of critical importance for the budget process. While most spending legislation is expected to be acted upon in the months immediately following the adoption of the first resolution on May 15, it is crucial for all spending bills to be completed by the deadline date. The reason is that by the 7th day after Labor Day only three weeks will remain until the start of the new fiscal year, and during those weeks Congress must adopt a second budget resolution and undertake and complete a reconciliation process, if necessary.

Thus, even a small delay in completing authorizing and spending legislation can upset the timing of remaining budget actions (adoption of the second resolution and completion of the reconciliation process). Congress would then be forced into continued reliance on "continuing resolutions," a major defect sought to be corrected by the new budget process.

Action to be completed

On or before:

- Sept. 15 ----- Congress completes action on second required concurrent resolution on the budget.
- Sept. 25 ----- Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution

September 15 and 25 are, respectively, the dates for adoption of the second resolution and completion of the reconciliation process, the final phase of the new budget process.

The Act sets no deadline for reporting this second resolution. The date probably will vary from year to year depending on when action is completed on the various spending bills.

The second resolution affirms or revises, on the basis of new information and data, changed economic circumstances, and Congress' spending actions, the matters contained in the first resolution (that is, the "target" levels of budget authority and outlays, total revenues, and the public debt limit). In addition, the second resolution may direct the committees with jurisdiction over any changes to the House. The changes may include rescinding or amending appropriations and other spending legislation, raising or lowering revenues, making adjustments in the debt limit, or any combination of such actions.

For example, the resolution might call upon the Appropriations Committees to report legislation rescinding or amending appropriations, and the Ways and Means and Finance Committees to report legislation adjusting tax rates or the public debt limit. In addition, other committees may be called upon to report certain actions.

Implementing legislation solely within the jurisdiction of one committee is reported to the House or Senate by that Committee. However, if more than one committee is directed to report certain actions, then the committees submit their recommendations to the Budget Committees which compile the various actions, without substantive change, into a single reconciliation measure. This special procedure is necessary to expedite completion of the reconciliation process.

The Congress may not adjourn sine die until it has completed action on the second resolution and the reconciliation process. Furthermore, after adoption of the second resolution and completion of the reconciliation process, it is not in order in either House to consider any new spending legislation that would cause the aggregate levels of total budget authority or outlays adopted in that resolution to be exceeded, nor to consider a measure that would reduce total revenues below the levels in the resolution. Such legislation is subject to a point of order.

Of course, Congress may adopt a revision of its most recent resolution at any time during the fiscal year. In fact, the framers of the Budget Act anticipated that, in addition to the May and September resolutions, Congress may adopt at least one additional resolution each year, either in conjunction with a supplemental appropriations bill or in the event of sharp revisions in revenues or spending estimates brought on by major changes in the economy.

Action to be completed

On or before Oct. 1 ----- Fiscal year begins

The completion of reconciliation actions brings the budget timetable to a close, five days before the start of the fiscal year on October 1.

* * * * *

The congressional budget timetable sets firm dates for key elements of the new system. Certain parts of the budget process cannot move ahead unless other actions are completed. Appropriations cannot be considered until the first budget resolution is adopted and necessary authorizations have been enacted. Reconciliation actions cannot be undertaken until action is completed on appropriation bills and the second budget resolution. Thus, failure to complete a particular action on schedule affects later actions as well. In short, the four main phases of the budget process (authorizations, budget resolutions, spending measures, and reconciliations) must be completed by the dates assigned to them in the Act.

THE CONGRESSIONAL BUDGET AND IMPOUNDMENT
CONTROL ACT OF 1974

IMPOUNDMENT CONTROL

Title X of the Act establishes procedures for congressional review of Presidential impoundment actions. This is a companion feature of the new budget control system. The title recognizes two types of impoundment actions by the Executive Branch: rescissions and deferrals.

Rescissions must be proposed by the President whenever he determines that (1) all or part of any budget authority will not be needed to carry out the full objectives of a particular program; (2) budget authority should be rescinded for fiscal reasons; or (3) all or part of budget authority provided for only one fiscal year is to be reserved from obligation for that year. In such cases, the President submits a special message to the Congress requesting rescission of the budget authority, explaining fully the circumstances and reasons for the proposed action. Unless both Houses of the Congress complete action on a rescission bill within 45 days, the budget authority must be made available for obligation.

Deferrals must be proposed by the President whenever any Executive action or inaction effectively precludes the obligation or expenditure of budget authority. In such cases, the President submits a special message to the Congress recommending the deferral of that budget authority. The President is required to make such budget authority available for obligation if either House passes an "impoundment resolution" disapproving the proposed deferral at any time after receipt of the special message.

Rescission and deferral messages are also to be transmitted to the Comptroller General who must review each message and advise the Congress of the facts surrounding the action and its probable effects. In the case of deferrals, he must state whether the deferral is, in his view, in accordance with existing statutory authority. The Comptroller General is also required to report to the Congress reserve or deferral actions which have not been reported by the President; and to report and reclassify any incorrect transmittals by the President.

If budget authority is not made available for obligation by the President as required by the impoundment control provisions, the Comptroller General is authorized to bring a civil action to bring about compliance. However, such action may not be brought until 25 days after the Comptroller General files an explanatory statement with the House and Senate.

The President is also required to submit monthly cumulative reports of proposed rescissions, reservations, and deferrals. These reports, to be published in the Federal Register, explain fully the factors that prompted the various impoundment actions.

BUDGET TIMETABLE

On or before:

November 10.....

15th day after Congress meets

March 15.....

April 1.....

April 15.....

May 15.....

May 15.....

7th day after Labor Day.....

September 15.....

September 25.....

October 1.....

Action to be completed:

President submits current services budget.

President submits his budget.

Committees and joint committees submit reports to Budget Committees.

Congressional Budget Office submits report to Budget Committees.

Budget Committees report first concurrent resolution on the budget to their Houses.

Committees report bills and resolutions authorizing new budget authority.

Congress completes action on first concurrent resolution on the Budget.

Congress completes action on bills and resolutions providing new budget authority and new spending authority.

Congress completes action on second required concurrent resolution on the budget.

Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution.

Fiscal year begins.

20

CONGRESSIONAL HEARINGS

The President's Budget will probably be transmitted to the Congress on January 19, 1981. Hearings begin immediately after that with the Armed Services Committees and then the Appropriations Committees hearing the Secretary of Defense and the Chairman of the Joint Chiefs of Staff with the Defense Posture. Service Secretaries and Chiefs usually follow with the Military Department Posture Statements. Posture hearings are usually completed by mid-to-end-February and then detailed hearings follow.

Attached listings of the calendar year 1980 House and Senate Defense and Military Construction Appropriation Subcommittee hearings are illustrative of the type of hearings held by these committees each year.

HOUSE APPROPRIATIONS DEFENSE SUBCOMMITTEE HEARINGS
CALENDAR YEAR 1980

February 4 & 5
10 AM/1:30 PM (4th)
9:30 AM (5th)

FY 81 Defense Posture Statement - Honorable
Harold Brown

February 5 & 6
1:30 PM (5th)
9:30 AM/1:30 PM (6th)

FY 81 Army Posture Statement - Honorable
Clifford L. Alexander, Jr.

February 19 & 20
9:30/1:30 (19th)
9:30 (20th)

FY 81 Navy Posture Statement - Honorable
Edward Hidalgo

February 20 & 21
1:30 PM (20th)
9:30/1:30 (21st)

FY 81 Air Force Posture Statement - Honorable
Hans M. Mark

February 26
9:30 AM/1:30 PM

FY 81 Defense Budget Overview - Honorable
Fred P. Wacker

February 27
10:00 AM/1:30 PM

FY 81 Research, Development & Acquisition
Posture Statement - Honorable William J. Perry

February 28
9:30 AM/1:30 PM

FY 81 Research, Development & Acquisition
Posture Statement - Honorable William J. Perry

March 4
10 AM/1:30 PM

European Command - Gen. Bernard W. Rogers

March 5
9:30 AM/1:30 PM

Strategic Air Command - Gen. Richard H. Ellis

March 6
9:30 AM/1:30 PM

Readiness Command - Gen. Volney F. Warner

March 11
1:30 PM

Signals Intelligence Processing - Adm. B. R. Inman

March 12
9:30 AM/1:30 PM

General Defense Intelligence Program Processing
Overview - Gen. Eugene Tighe
Imagery Processing - Dir., National Photographic
Interpretation Center
National Foreign Assessment Center Processing -
Dep. Dir., National Foreign Assessment Center
Human Intelligence Processing - Associate Dep.
Dir. for Operations (CIA)
National Foreign Intelligence Program Overview -
Adm. Stansfield Turner

HOUSE APPROPRIATIONS DEFENSE SUBCOMMITTEE HEARINGS (CONT'D)
CALENDAR YEAR 1980

March 13 9:30 AM	Intelligence Related Activities Overview - Hon. Gerald P. Dinneen
March 13 1:30 PM	Use of the Space Shuttle - Hon. Hans Mark
March 18 10:00 AM/1:30 PM	TENCAP - Dr. James H. Babcock
March 19 9:30 AM	Special Activities, Air Force - Air Force witnesses
March 19 1:30 PM	Special Activities, Navy - Navy witnesses
March 19 2:45 PM	Defense Intelligence Agency Budget Request - DIA witnesses
March 24 9:30 AM	Tactical Cryptologic Program - Admiral Inman
March 24 10:45 AM	CIA Budget - Mr. Frank Carlucci
March 24 1:30 PM	Air Force Intelligence Related Activities - Air Force witnesses
March 25 9:30 AM/1:30 PM	Central Intelligence Agency - CIA witnesses
March 26 9:30 AM	Navy/Marine Corps Intelligence Related Activities - Navy and Marine Corps witnesses
March 26 1:30 PM	Army Intelligence Related Activities - Army witnesses
March 26 3-4 PM	Project BETA, and BETA Reprogramming - Dr. Harry L. Van Trees
April 1 9:30 AM-12 NOON	FY 81 Defense Manpower Overview - Hon. Robert B. Pirie
April 1 1:30 PM	Navy & Marine Corps Manpower Programs - VADM Robert B. Baldwin
April 1 2:30 PM	Army Manpower Programs -.Mr. William D. Clark
April 1 3:30 PM	Air Force Manpower Programs - Mr. Joesph Zengerle

HOUSE APPROPRIATIONS DEFENSE SUBCOMMITTEE HEARINGS (CONT'D)
CALENDAR YEAR 1980

April 2
10:00 AM/1:30 PM
Implementation of FY 79 and FY 80 Congressional
Actions in Military Personnel and O&M Areas -
Mr. Joseph Sherick

April 15
10:00 AM/1:30 PM
Army RDT&E Programs - Army Witnesses

April 16
9:30 AM/1:30 PM
Navy RDT&E Programs - Navy Witnesses

April 21
1:00 PM
FY 80 DoD Supplemental Request - Hon. Harold Brown

April 22
9:30 AM/1:30 PM
FY 80 Army Supplemental Request - BG Corey Wright

April 23
9:30 AM
FY 80 Reprogrammings (Intel. Community & Air
Force)

April 23
11:00 AM/1:30 PM
FY 80 Air Force Supplemental Request -
MG George M. Browning

April 24
9:30 AM/1:30 PM
FY 80 Navy Supplemental Request - RADM T.J. Hughes

April 28
1:30 PM/2:30 PM
Hostage Rescue Situation - Honorable W. Graham
Clayton, DepSecDef

April 29
9:30 AM/1:30 PM
Subcommittee Markup of '80 Supplemental

April 30
9:30 AM/1:30 PM
Air Force RDT&E Programs - LTG Kelly H. Burke

May 1
FY 80 Reprogrammings - Intelligence

May 6
10 AM
Air Force RDT&E Programs (Cont'd from Apr. 30) -
LTG Kelly H. Burke

May 6
1:30 PM
FY 80 Reprogrammings - Air Force and DMA

May 7
9:30 AM/1:30 PM
DoD Transportation Activities - Mr. Paul Hyman

May 8
9:30 AM
Full Committee Markup of FY 80 Supplemental

May 12
1:30 PM
DoD Medical Activities - Hon. John Moxley

HOUSE APPROPRIATIONS DEFENSE SUBCOMMITTEE HEARINGS (CONT'D)
CALENDAR YEAR 1980

May 13 9:30 AM	FY 80 Reprogrammings - Army
May 14 9:30 AM/1:30 PM	Navy Shipbuilding - VADM J. H. Doyle, Jr.
May 15 9:30 AM/1:30 PM	MX Program - Hon. William J. Perry
May 20 10:00 AM/1:30 PM	O&M - Air Force - BG Richard D. Murray
May 21 9:30 AM/1:30 PM	
May 22 9:30 AM/1:30 PM	Telecommunications, Command & Control - Hon. Gerald P. Dinneen
May 28 9:30 AM	Wheeled Vehicles - Hon. Percy A. Pierre
May 28 1:30 PM	Anti-Armor Weapons - Mr. Robert A. Moore
June 2 2:00 PM	Hostage Rescue Mission - Hon. W. Graham Clayton
June 3 10:00 AM/1:30 PM	Tactical Aircraft & Air-to-Air Missiles - Army & Marine Corps witnesses
June 4 9:30 AM/1:30 PM	Navy & Air Force witnesses
June 5 9:30 AM/1:30 PM	Procurement Practices - Mr. Dale W. Church
June 10 10:00 AM/1:30 PM	Operation and Maintenance, Army - Army witnesses
June 11 9:30 AM	Ballistic Missile Defense - Army witnesses
June 12 9:30 AM/1:30 PM	Marine Corps Missions/Operations/Modernization and Rapid Deployment Force Requirements - Marine Corps witnesses
June 17 10:30 AM/2:30 PM	Guard and Reserve Programs - Honorable Harold W. Chase
June 18 9:30 AM	Army Guard and Reserve Mobilization Process - MG Emmett H. Walker, Jr.
June 18 10:00 AM	FY 80 Air Force Reprogrammings - Air Force witnesses

HOUSE APPROPRIATIONS DEFENSE SUBCOMMITTEE HEARINGS (CONT'D)
CALENDAR YEAR 1980

June 18 1:30 PM	Air Guard and Reserve Programs - MG John T. Grice
June 18 2:00 PM	FY 80 Reprogrammings - Army, Navy, and OSD witnesses
June 19 9:30 AM/1:30 PM	Ammunition Programs - BG Lawrence Skibbie
June 24 9:30 AM	General Provisions and Language - Mr. Manuel Briskin
June 25 9:30 AM/1:30 PM	Operation and Maintenance, Navy - RADM Thomas J. Hughes
June 26 1:30 PM	Subcommittee Markup of Reprogrammings Heard on June 18
June 30 & July 1	Outside Witnesses
Sept. 18 9:30 AM	FY 80 Mil Pers Reprogrammings - Mr. Dube
Sept. 23 9:30 AM	FY 1980 Navy & Air Force Reprogrammings - Navy and Air Force witnesses
Oct. 1 10:30 AM	FY 80 Below Threshold Reprogramming on 30mm Gun POD - Air Force witnesses

HOUSE APPROPRIATIONS MILITARY CONSTRUCTION SUBCOMMITTEE HEARINGS
CALENDAR YEAR 1980

February 26 9:30 AM	FY 81 Defense Budget Overview - Mr. John R. Quetsch
February 26 1:30 PM	Intelligence Overview - Mr. John R. Hughes
February 27 9:30 AM/1:30 PM	FY 81 Military Construction Program Overview - Mr. Perry Fliakas
February 28 10:00 AM	Program Oversight - Mr. Perry Fliakas
February 28 1:30 PM	Army Master Restationing Plan - Army witnesses
March 4 9:30 AM/1:30 PM	Planning and Design Program - Mr. Perry Fliakas
March 5 9:30 AM/1:30 PM	Pollution Abatement, Energy Conservation, and Safety Programs - Mr. George Marienthal
March 6 9:30 AM/1:30 PM	Medical Construction Programs - Mr. Vernon McKenzie
March 11 10:00 AM	Defense Posture in the Pacific - Mr. Perry Fliakas
March 11 & 12 1:30 PM (Closed)	Host Nation Support - LTG Richard H. Groves
March 12 9:30 AM/1:30 PM	NATO Construction Program - MG William Read
March 13 9:30 AM/1:30 PM	Strategic Programs: Cruise Missile, Space Shuttle, Trident - MG William Gilbert
March 18 10:00 AM/1:30 PM	Real Property Maintenance - Mr. Perry Fliakas
March 19 9:30 AM/1:30 PM	FY 81 Family Housing Program - Mr. Perry Fliakas
March 24 1:30 PM	FY 81 Defense Agencies Mil Con Program - Mr. Perry Fliakas
March 24 3:00 PM	FY 81 Reserve Components Mil Con Program - Hon. Harold W. Chase

HOUSE APPROPRIATIONS MILITARY CONSTRUCTION SUBCOMMITTEE HEARINGS (CONT'D)
CALENDAR YEAR 1980

March 25
1:30 PM

MX Program - Hon. Harold Brown

March 26
9:30 AM/1:30 PM

MX Program - Air Force witnesses

March 27
9:30 AM

FY 81 Army Mil Con Program - MG William Read

March 27
1:30 PM

FY 81 Air Force Mil Con Program - MG William Gilbert

April 1
10:30 AM/1:30 PM

FY 81 Navy/Marine Corps Mil Con Program -
RADM D. G. Iselin

April 2
9:30 AM/1:30 PM

Outside Witnesses

April 24
9:30 AM

FY 80 Supplemental and FY 81 Amendment -
Mr. Perry Fliakas

July 30
10 AM

Pending FY 80 Reprogrammings - Service witnesses

SENATE APPROPRIATIONS DEFENSE SUBCOMMITTEE HEARINGS
CALENDAR YEAR 1980

March 12 10:00 AM	FY 81 Defense Posture Statement - Hon. Harold Brown
March 26 10:00 AM	FY 81 Air Force Posture Statement - Hon. Hans Mark
March 26 2:00 PM	FY 81 Navy Posture Statement - Hon. Edward Hidalgo
March 27 10:00-11:00 AM	FY 81 Navy RDT&E Request - Hon. David E. Mann
March 27 11:00-12:00 AM	FY 81 Navy Procurement Request - Other than Shipbuilding - V/Adm. W. L. McDonald
March 27 2:00 PM	FY 81 Navy Procurement Request including Shipbuilding - V/Adm. James H. Doyle, Jr.
April 1 10:00 AM	FY 81 Army Posture Statement - Hon. Clifford Alexander
April 1 2:00 PM	FY 81 Research, Development & Acquisition Posture Statement - Hon. William J. Perry
April 2 2:00 PM	FY 81 Defense Manpower Overview - Hon. Robert B. Pirie
April 3 2:00 PM	FY 81 Defense Budget Overview/O&M Overview/ General Provisions - Mr. John R. Quetsch
April 17 10:00 AM	FY 81 Army Procurement and RDT&E Request - Hon. Percy Pierre
April 18 10:00 AM	FY 81 Air Force Procurement and RDT&E Request - LTG Kelly H. Burke
April 24 10:00 AM	Intelligence Community - Director of Central Intelligence
April 28 10:00 AM	FY 81 Defense Budget Overview/O&M Overview/ General Provisions - Mr. John R. Quetsch
May 8 2 PM	FY 80 Supplemental Request - Mr. John R. Quetsch
May 13 2 PM	Subcommittee Markup of FY 80 Supplemental
May 15 10:30 AM	FY 81 Defense Agencies Request - Directors of DCA, DLA, DMA, DNA, DARPA

SENATE APPROPRIATIONS DEFENSE SUBCOMMITTEE HEARINGS (CONT'D)
CALENDAR YEAR 1980

July 25 2 PM	Central Intelligence Agency - Honorable Frank C. Carlucci
July 25 3 PM	Special Activities, Air Force - Honorable Robert J. Herman
July 31 2 PM	FY 81 Defense Intelligence Programs (NSA & DIA) - VADM Bobby Inman
July 31 3 PM	FY 81 Defense Intelligence Programs (C3I & Policy) - Hon. Gerald P. Dinneen
Sept. 24 10 & 2	Public Witnesses

SENATE APPROPRIATIONS MILITARY CONSTRUCTION SUBCOMMITTEE HEARINGS
CALENDAR YEAR 1980

March 3
10 AM
Overview of FY 81 Military Construction
(Overall request, summary of each Service
request, highlights of program items of
special interest) - Mr. Perry Fliakas

March 4
2 PM (Closed)
(Joint hearing
with SASC)
Defense Posture in the Pacific - Mr. Perry Fliakas

March 5
1 PM (Closed)
(Joint hearing
with SASC)
Defense Posture in Indian Ocean/Persian Gulf -
Mr. Perry Fliakas

March 10
10 AM
Strategic Programs - Navy (Poseidon Conversion -
Trident Construction, East Coast Trident Site) -
Navy witnesses

March 10
2 PM
Strategic Programs - Air Force (Space Shuttle,
MX, ALCMs) - MG William Gilbert

March 18
2 PM
Defense Agencies FY 81 Military Construction
Program - Mr. Perry Fliakas

March 18
3 PM
Family Housing/Quality of Life - Mr. Perry Fliakas

March 24
2 PM
(Joint hearing
with SASC)
Energy Policy - Mr. George Marienthal

March 26
2 PM
Facilities in Support of General Purpose Forces -
MG William Read

March 26
3:30 PM
Logistics/Air-and Sea-Lift/Supply - MG William Read

April 17
2:00 PM
(Joint hearing
with SASC)
Space Shuttle - Cost Variations and Reprogrammings -
Air Force witnesses

April 17
2:30 PM
(Joint hearing
with SASC)
FY 80 Supplemental and FY 81 Amendment -
Mr. John Rollence

SENATE APPROPRIATIONS MILITARY CONSTRUCTION SUBCOMMITTEE HEARINGS (CONT'D)
CALENDAR YEAR 1980

- April 18
2:00 PM Medical Construction Programs - Mr. Vernon McKenzie

- April 22
9:30 AM FY 81 Reserve Components Military Construction
Program - LTG LaVern Weber

- April 30
1:30 PM
(Joint hearing
with SASC) NATO-Long-Term Planning/Infrastructure/US Direct
and Prefinancing in Support of NATO - Mr. Perry
Fliakas

- May 6
10:00 AM Alternative Basing Modes for MX - Hon. Harold Brown

- May 15
2:00 PM Nuclear Storage and Security - MG William Read

ACTIONS ON RECOMMENDATIONS IN CONGRESSIONAL COMMITTEE REPORTS
AND RELATED AUTHORIZATION AND APPROPRIATION ACTS

OASD(C) is responsible for the development of a Defense Department position or statement of action taken on each matter on which the Armed Services or Appropriations Committees make a recommendation or indicate particular concern in their reports on DoD authorization and appropriation requests. (See DoD Directive 5545.2 and DoD Instruction 5545.3 for background and guidance.)



August 20, 1979
NUMBER 5545.2

Department of Defense Directive

ASD (C)

SUBJECT: DoD Policy for Congressional Authorization and Appropriation Actions

- References:**
- (a) DoD Directive 5545.2, "Review and Implementation of Congressional Actions on Authorization and Appropriation Acts Affecting DoD and Related Congressional Reports," September 19, 1974 (hereby canceled)
 - (b) DoD Instruction 5545.3, "DoD Procedures for Congressional Authorization and Appropriation Actions," July 5, 1979

A. REISSUANCE AND PURPOSE

This Directive reissues reference (a); and establishes policies and responsibilities for handling Congressional action items designed to expedite the publication of DoD position statements.

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense (OSD), the Military Departments, the Organization of the Joint Chiefs of Staff (OJCS), and the Defense Agencies (hereafter referred to as "DoD Components").

C. POLICY

House, Senate, and Conference Reports on Authorization and Appropriation Acts affecting the Department of Defense shall be reviewed by DoD Components to identify each Congressional recommendation or suggestion, reporting requirement, and expression of concern to recommend a DoD position on the item. Thereafter, a Secretary of Defense-approved policy position shall be established, and implementing action, when required, shall be taken within the Department of Defense. The approved statements shall serve as the DoD position on each item, and shall be the source of data for the Secretary of Defense's Congressional Reference Book and other matters.

D. RESPONSIBILITIES

1. The Secretaries of the Military Departments and the Directors of Defense Agencies, or their designees, shall:

a. Review each Congressional report to identify specific action items, as described in section C., applicable to the reviewing DoD Component or to the Department of Defense as a whole, and submit informally to the Assistant Secretary of Defense (Comptroller)(ASD(C)).

b. Evaluate each action item, and develop a statement of the action taken on those items assigned to each DoD Component. When appropriate, recommend a DoD position on each item in accordance with instructions in DoD Instruction 5545.3 (reference (b)).

2. The Under Secretaries of Defense; the Assistant Secretaries of Defense, the General Counsel, DoD; the Assistants to the Secretary of Defense; and the Chairman of the Joint Chiefs of Staff shall:

a. Take action as set forth in D.1.a. and b.

b. Review Military Departments' and Defense Agencies' evaluations and recommendations on their immediate areas of responsibility, and coordinate these submissions and the action items and General Provisions assigned to their activity with other OSD and OJCS elements.

c. Submit to the ASD(C) a summary statement of action taken and, when appropriate, a DoD position for approval by the Secretary of Defense, in accordance with DoD Instruction 5545.3 (reference (b)).

d. Prepare the guidance necessary for implementing the policy decisions of the Secretary of Defense.

3. The Assistant Secretary of Defense (Comptroller) shall:

a. Review all Acts and related reports to identify and assign items requiring action by DoD Components, and ensure that all actions have been selected.

b. Coordinate Congressional action items to be assigned to the cognizant DoD Component in advance of formal tasking.

c. Act as the focal point to receive all submissions, under D.1.a. and D.2.a., and recommendations from the Military Departments and Defense Agencies, and refer these to the office of primary responsibility within the OSD or OJCS.

d. Coordinate a DoD position or policy recommendation, and publish a complete set of the statements of action and DoD position reflecting Secretary of Defense approval.

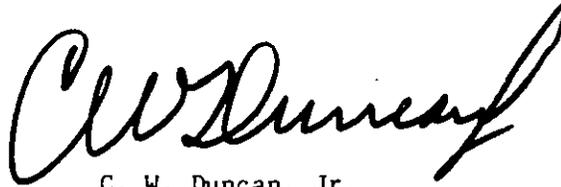
Aug 20, 79
5545.2

e. Ensure that all Congressional requests for reports or other specific information are identified and assigned to an appropriate DoD organizational element for compliance.

f. Issue detailed guidance, including due dates, for the implementation of this Directive.

E. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing instructions to the Assistant Secretary of Defense (Comptroller) within 120 days.



C. W. Duncan, Jr.
Deputy Secretary of Defense

D. PROCEDURES AND RESPONSIBILITIES

1. General

a. After extracting the action items and before preparing transmittal statements, each DoD Component shall coordinate informally with the Assistant Secretary of Defense (Comptroller) (ASD(C)) to verify that all relevant items have been selected.

b. The ASD(C) shall conduct a joint session with the Military Departments and those OSD offices having primary interest (principally the Under Secretary of Defense for Research and Engineering, Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), and Assistant Secretary of Defense (Program Analysis and Evaluation)) to determine the DoD Component to be assigned primary responsibility for action on each item, and to prepare the statements of action taken and DoD position statements.

c. When action applies to a DoD Component other than the Component assigned primary action, the Component may respond on that portion of the action that affects its own activities by submitting a transmittal statement to the office having primary responsibility within 10 calendar days of receipt of action assignments from the ASD(C).

2. The Secretaries of the Military Departments and the Directors of Defense Agencies shall:

a. Upon issuance of the Congressional reports related to Authorization and Appropriation Acts affecting the Department of Defense, review each report thoroughly to identify specific action items, extract pertinent information containing views of the Congress on the operations of the Military Department/Defense Agency, and submit a statement informally to the ASD(C). Particular emphasis shall be placed on directed or suggested actions. When applicable, reference shall be made to similar actions in prior years. General Provisions are excluded from the Military Department/Defense Agency review.

b. Prepare a statement for transmittal to the ASD(C) containing action taken and, when appropriate, a DoD position on those assigned items that require action at the Military Department/Defense Agency level. Submit these statements to the ASD(C) in accordance with the instructions and format prescribed in enclosures 2 and 3 and within the time schedule established in section E.

3. The Principal Staff Assistants and the Chairman of the Joint Chiefs of Staff shall:

a. As office of primary responsibility, review action statements proposed by the Military Departments/Defense Agencies, including a determination as to whether the action or DoD position is consistent



July 5, 1979
NUMBER 5545.3

Department of Defense Instruction^{ASD(C)}

SUBJECT: DoD Procedures for Congressional Authorization and Appropriation Actions

- References: (a) DoD Instruction 5545.3, "Review and Implementation of Congressional Actions on Authorization and Appropriation Acts Affecting DoD and Related Congressional Reports," September 19, 1974 (hereby canceled)
- (b) DoD Directive 5545.2, "Review and Implementation of Congressional Actions on Authorization and Appropriation Acts Affecting DoD and Related Congressional Reports," September 19, 1974

A. REISSUANCE AND PURPOSE

This Instruction reissues reference (a); establishes the procedures for handling Congressional action items; and prescribes uniform procedures to be followed by DoD Components assigned responsibility in reference (b) for:

1. Reviewing and identifying specific recommendations contained in House, Senate, and Conference Reports on the Authorization and Appropriation Acts listed in enclosure 1, and for taking positive action on each recommendation, to include the development and issuance of policy directives, instructions, and any other action required by these reports.
2. Identifying subject matter on which information must be furnished to the Congress, and developing the data in such a manner as to respond fully to the Congressional request.
3. Implementing, through appropriate media, the General Provisions of the Authorization and Appropriation Acts listed in enclosure 1, and maintaining central control of actions taken as a result of recommendations in these Acts and related Congressional reports.

B. APPLICABILITY

The provisions of this Instruction apply to the Office of the Secretary of Defense (OSD), the Military Departments, the Organization of the Joint Chiefs of Staff (OJCS), and the Defense Agencies (hereafter referred to as "DoD Components").

C. DEFINITION

As used herein, the term "Principal Staff Assistants" means the Under Secretaries of Defense, the Assistant Secretaries of Defense, the General Counsel, DoD, and the Assistants to the Secretary of Defense.

with existing policy, and, if not, whether existing policy needs to be changed or the proposed policy disapproved. This shall include coordination with appropriate OSD/OJCS offices.

b. Prepare a statement for transmittal to the ASD(C) summarizing the action taken by the Military Departments/Defense Agencies and, when appropriate, a DoD position for approval by the Secretary of Defense. The instructions and format prescribed in enclosures 2 and 3 shall be followed.

c. Prepare a statement for transmittal to the ASD(C) containing action taken and, when appropriate, a DoD position for approval by the Secretary of Defense on assigned General Provisions and on those assigned action items that require action at the OSD/OJCS level but not at the Military Department/Defense Agency level. The instructions and formats prescribed in enclosures 2, 3, and 4 shall be followed.

d. Prepare the necessary DoD issuances or policy statements required to implement the policy decisions of the Secretary of Defense and the General Provisions of the Authorization and Appropriation Acts.

4. The Assistant Secretary of Defense (Comptroller) shall:

a. Independent of the review conducted by the other DoD Components, review each Authorization and Appropriation Act and related Congressional reports to identify specific action items to be extracted by the OSD, the OJCS, the Military Departments, and the Defense Agencies.

b. Serve as the central point to receive all submissions under paragraph D.2.a.

c. Assign to the OSD/OJCS office of primary responsibility all General Provisions and those action items that require action at the OSD/OJCS level but not at the Military Department/Defense Agency level, and assign those action items requiring action by the Military Departments/Defense Agencies.

d. Furnish the office of primary responsibility 2 copies of the General Provision that requires review to determine if there is any change to the "action taken" statement for the previous year. Any changes that are necessary may be made on the copy furnished. If the General Provision is new, the "action taken" statement shall contain an implementing statement. There is no necessity to retype the General Provision language.

e. Upon receipt of action statements proposed and submitted by the Military Departments/Defense Agencies, verify that relevant items have been included, and then forward to the OSD/OJCS office of primary responsibility.

f. Coordinate and consolidate statements of action taken and DoD position statements for official dissemination indicating Secretary of Defense approval.

g. Furnish a complete set of statements of actions and DoD position reflecting Secretary of Defense approval to appropriate officials of the Department of Defense, General Accounting Office, and to members of the Congressional Committees.

h. Ensure that the Assistant to the Secretary (Legislative Affairs) receives statements of action and DoD position statements as required for inclusion in the Secretary of Defense Congressional Reference Book.

i. Maintain a complete central control record of action items being processed, and monitor the implementation of this Instruction.

E. DJE DATES

To have an approved DoD position for use in Congressional Hearings and other policy determinations, this time schedule shall be followed:

1. Military Departments/Defense Agencies and OSD/OJCS staff offices shall transmit the action statements, described in paragraphs D.2.b. and D.3.c., to the ASD(C) as directed by the ASD(C).

2. OSD/OJCS staff offices shall finalize and transmit the action statements, described in paragraph D.3.b., to the ASD(C) within 8 calendar days after receipt.

3. General Provisions, described in paragraph D.3.c., shall be finalized and returned to the ASD(C) within 10 calendar days after receipt.

F. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. Forward two copies of implementing instructions to the Assistant Secretary of Defense (Comptroller) within 120 days.

Fred P. Wacker

Fred P. Wacker
Assistant Secretary of Defense
(Comptroller)

Enclosures - 4

1. List of Authorization and Appropriation Acts Affecting DoD, and Related Congressional Reports for Review and Implementation
2. Instructions for Preparing Action Statements
3. Sample Format--Action Statements Other than General Provisions
4. Sample Format--Action Statements--General Provisions

LIST OF AUTHORIZATION AND APPROPRIATION ACTS AFFECTING DOD,
AND RELATED CONGRESSIONAL REPORTS FOR REVIEW AND IMPLEMENTATION

A. CONGRESSIONAL ACTIONS

House of Representatives, Senate, and Conference Committees'
Reports:

Department of Defense Appropriation Authorization Act

Department of Defense Appropriation Act

Military Construction Authorization Act

Military Construction Appropriation Act

Supplemental Appropriation Authorization Acts (Department of
Defense)

Supplemental Appropriation Acts (Department of Defense)

Concurrent Resolutions on the Budget

Budget Rescission Bills

B. GENERAL PROVISIONS

Department of Defense Appropriation Authorization Act

Department of Defense Appropriation Act

Military Construction Authorization Act

Military Construction Appropriation Act

Supplemental Appropriation Authorization Acts (Department of Defense)

Supplemental Appropriation Acts (Department of Defense)

INSTRUCTIONS FOR PREPARING ACTION STATEMENTS

1. The formats for preparing action statements are shown in the following enclosures:

Enclosure 3, Other than General Provisions
Enclosure 4, General Provisions

2. Action statements pertaining to items other than General Provisions shall include a listing of references to the applicable Congressional reports and a narrative summary of the "Recommendation or Action Indicated by Congressional Committee(s)." The title shall be selected as descriptive of the subject matter. Action statements pertaining to General Provisions shall include a verbatim extract of the provision.

3. Statements of action taken, or DoD position, shall be prepared in the same type of language used for preparing witness statements; that is, succinct and directly responsive to the point at issue and suitable for use by the Secretary and Deputy Secretary of Defense, the Secretaries of the Military Departments, and other officials in appearances before Congressional Committees.

4. Directives, regulations, or other official promulgations and studies that pertain to the action, shall be referred to or quoted in the action statement. Copies of such referenced items shall be attached to both the General Provision and action item statements.

5. Statements shall be single spaced and prepared on 8 by 10-1/2 inch paper with 1-inch top and left margins and 1/2-inch bottom and right-hand margins. Organization, preparer's name and extension, and date of preparation should appear in the lower right-hand corner of each statement. Originating office and other reviewing offices that make a substantive change shall be listed. All action statements shall be unclassified; classified material may be submitted to serve as back-up data.

6. Forward 2 copies of the General Provision and an original and 2 copies of each action item statement with the appropriate enclosures to the Assistant Secretary of Defense (Comptroller) by transmittal memorandum signed at the level designated in implementing instructions.

SAMPLE FORMAT

ACTION STATEMENTS OTHER THAN GENERAL PROVISIONS

DLGN 41 AND 42 NUCLEAR FRIGATES

House Budget Committee Report, First Concurrent Resolution, Page 36
House Armed Services Committee Report, Pages 35-40
Conference Armed Services Committee Report, Pages 27, 28, 42
House Appropriations Committee Report, Second Supplemental (1978) Page 5
House Appropriations Committee Report, Page 174
Senate Appropriations Committee Report, Pages 22, 159-161
House Appropriation Committee Report, Military Construction, Page 2
P.L. 95-485, Appropriation Authorization Act, Section 203

Recommendation or Action Indicated by Congressional Committee(s)

The President's FY 1974 budget did not include a request for authorization for Nuclear Powered Frigates (DLGN). In its report each year, for the past 8 years, the HASC has presented in detail its reasons for believing it is necessary for the security of the United States that the Navy be provided with nuclear frigates to accompany nuclear carriers. The Committee feels that additional nuclear frigates are needed. The House authorized advance procurement funds in the amount of \$79 million to provide long lead-time items for the nuclear frigates DLGN 41 and DLGN 42. The Senate receded from its position and accepted the House authorization. In addition, the Senate accepted the restrictive language providing that the \$79 million could be used only for the procurement of long lead-time items for the DLGNs 41 and 42. That language further provided that contracts for these long lead-time items be entered into as soon as practicable unless the President fully advises the Congress that the construction of these vessels is not in the National interest.

Action Taken

The FY 1974 program has been placed on contract and the FY 1975 President's Budget requests \$244.3 million to fully fund DLGN-41 and to provide additional advance procurement funding for DLGN-42. Funds to complete DLGN-42 are programmed in FY 1976.

DoD Position

(Include appropriate statement when applicable)

OASD(C))DASD(P/B)¹
S.KETTERING, x72124
3/20/74²

¹Enter on last page only.
²Month/Day/Year - in numbers only

(NOTE: Omit page numbers when submitting final format)

Jul 5, 79
5545.3 (Encl 4)

SAMPLE FORMAT

ACTION STATEMENTS -- GENERAL PROVISIONS

GENERAL PROVISIONS
DEPARTMENT OF DEFENSE APPROPRIATION ACT, 1974
PL 93-155, November 16, 1973

SURVIVOR BENEFIT PLAN-AMENDMENT

Section 804. Section 3(b) of Public Law 92-425 (86 Stat. 711) is amended by --

- (1) striking out in the first sentence "before the first anniversary of that date" and inserting in lieu thereof "at any time within eighteen months after such date", and
- (2) striking out in the second sentence "before the first anniversary of" and inserting in lieu thereof "at any time within eighteen months after".

Action Taken

Section 804 of the Department of Defense Appropriation Authorization Act for FY 1974 extended for 6 months (until March 20, 1974) the period within which retired members of the uniformed services could elect to participate in the Survivor Benefit Plan. The Military Departments have publicized the extension to enable potential participants to elect into the Plan.

The provision will be fully executed on March 20, 1974.

OASD(MRA&L)MPP
MAJ. JONES, X54132
2/4/74¹

¹Month/Day/Year - in numbers only

NOTE: "DoD Position" is not required.



COMPTROLLER

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

8 APR 1975

MEMORANDUM FOR Secretaries of the Military Departments
Chairman of the Joint Chiefs of Staff
Director of Defense Research and Engineering
Assistant Secretaries of Defense
General Counsel
Director, Telecommunications & Command and Control Systems
Assistants to the Secretary of Defense
Directors of the Defense Agencies

SUBJECT: Identification and Control of Reports Generated by Congressional Armed Services and Appropriations Committees

- References:
- a. DoD Directive 5545.2, "Review and Implementation of Congressional Actions on Authorization and Appropriation Acts Affecting DoD and Related Congressional Reports," September 19, 1974.
 - b. DoD Instruction 5545.3, "Procedures for the Annual Review and Implementation of Congressional Actions on Authorization and Appropriation Acts Affecting DoD and Related Congressional Reports," September 19, 1974.
 - c. DoD Directive 5000.19, "Policies for the Management and Control of DoD Information Requirements," June 1, 1973.

DoD Directive 5545.2 (reference a) and DoD Instruction 5545.3 (reference b) assign responsibility and establish procedures for identifying and implementing each of the actions required by the Congress in their reports on the annual defense authorization and appropriation legislation. Such actions as required by the Congress frequently include the preparation and submission of one-time or recurring reports to the Congress. Often, these reports are required at a date prior to the completion of the publication of action item statements under the provisions of references a and b.



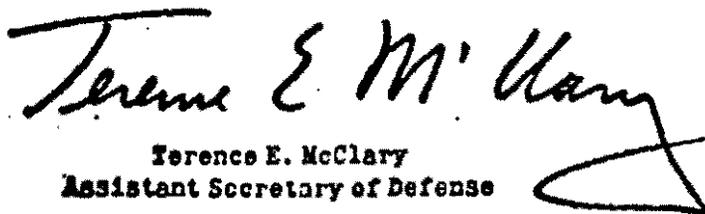
Reports of this nature are also subject to the policies and procedures in DoD Directive 5000.19 (reference c). Accordingly, it has been determined that the procedures for administering the reports control function under this latter directive should also be utilized in establishing a positive control system that will assure timely preparation and submission of this particular group of reports.

It has been the practice under DoD Instruction 5545.3 (reference b) for each DoD component to conduct a review of Congressional Armed Services and Appropriations Committee reports to identify action items which need to be addressed. Subsequently, in a joint session conducted by the ASD(C) action item officer, an agreement has been made to determine the DoD component to be assigned primary responsibility for action on each item. In this regard, we would also like to continue to ensure that all responses to action items are prepared in a timely manner.

It is now planned that immediately upon release of any Congressional Armed Services or Appropriations Committee Report, a preliminary review will be made by the ASD(C) action item officer, with such assistance as may be necessary from his counterparts in the DoD components, specifically for the purpose of identifying any potential one-time or recurring reporting requirements. These items will then be referred to the Directorate for Information Operations and Control for analysis consistent with the provisions of DoD Directive 5000.19 (reference c). The ASD(C) action item officer will then convene a meeting of representatives from the applicable DoD component staff offices to: (1) consider possible alternatives for fulfilling the reporting requirement (e.g., using available similar or substitute data); (2) assign report control symbols, as appropriate; and (3) designate the office of primary responsibility for each report. If Conference Committee action addresses any of the reporting requirements and necessitates a revision to the previously established requirement, the ASD(C) action item officer will again convene a meeting of DoD component representatives to update the action required.

An action item report control calendar will then be developed and maintained to insure that reporting due dates are met. Copies of the control calendar will be distributed to the appropriate Defense Component information management control office/information focal points as designated by reference (c). If a reporting date cannot be met, a request for extension of the due date must be addressed to the applicable Committee. ASD(C) coordination is required on all reports, or requests for extensions, to the Appropriations Committees.

Your cooperation in implementing this procedure will be greatly appreciated and should facilitate our ability to react promptly to these important congressional requirements.



Terence E. McClary
Assistant Secretary of Defense

REPORTING REQUIREMENTS IN CONGRESSIONAL COMMITTEE REPORTS

OASD(C) reviews congressional committee reports to:

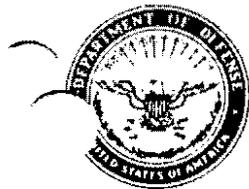
- o Assure that actions and reporting requirements levied by the Congress are satisfied.
- o Control those congressional actions requiring a report through maintenance of a reports calendar.

(See ASD(C) memorandum, April 8, 1975, for background and guidance)

HAC SURVEYS AND INVESTIGATIONS STAFF

OASD(C) maintains relationships with the Surveys and Investigations (S&I) Staff -- the investigating arm of the House Appropriations Committee. (See DODI 5500.16, December 8, 1976, for background and guidance.)

- o Establishes focal point in OSD and Services for all new S&I studies.
- o Serves as contact point with House Appropriations Committee for obtaining S&I reports.



ASD(C)

Department of Defense Instruction

SUBJECT Relationship with the Surveys and Investigations Staff,
House Appropriations Committee

- References:
- (a) Section 202(b) of the Legislative Reorganization Act of 1946, P.L. 79-601 (2 U.S.C. 72a)
 - (b) DoD Directive 5118.3, "Assistant Secretary of Defense (Comptroller)," July 11, 1972
 - (c) DoD Directive 5400.4, "Provision of Information to Congress," February 20, 1971
 - (d) DoD Directive 5200.1, "DoD Information Security Program," June 1, 1972
 - (e) OMB Circular No. A-10, "Responsibilities for Disclosure with Respect to the Budget," November 12, 1976
 - (f) Deputy Secretary of Defense memorandum, August 27, 1969, subject: "GAO Review of Weapons Systems Programs - Access to Records"

I. PURPOSE

This Instruction establishes policies and procedures governing the relationship of Department of Defense Components (see III) with the Surveys and Investigations Staff (S&I Staff), House Appropriations Committee.

II. BACKGROUND

- A. The Surveys and Investigations Staff, House Appropriations Committee, was established, pursuant to section 202(b) of the Legislative Reorganization Act of 1946, P.L. 79-601, (2 U.S.C. 72a) (reference (a)), to conduct surveys and investigations of the organization and operation of any Executive Branch agency deemed necessary to assist the House Appropriations Committee in actions concerning matters coming under its jurisdiction. Inquiries conducted under this authority have been a major source of information for the House Appropriations Committee in their action on Defense appropriation requests and in recommendations for DoD action which are set forth in the reports on appropriation bills.
- B. The regular S&I Staff comprises a small nucleus of professional and clerical personnel, usually about eight individuals, augmented by contract personnel and by personnel detailed from various Federal Government agencies. This provides a staff of skilled investigators with expertise in various areas. Department of Defense has, on occasion, provided personnel for this staff. Arrangements are made for reimbursement to an agency for personnel detailed to the Staff. Normally, investigators are

not assigned to work on inquiries involving the agency from which they are detailed. The S&I Staff reports directly to the Chairman of the Appropriations Committee and is completely separate from committee staffs that deal individually with agency budget requests.

- C. In conducting inquiries, it is not the practice of S&I Staff teams to provide a draft copy of their report to the agency for comment. Moreover, S&I Staff team chiefs or members are not required to reveal the nature of their criticism at exit interviews nor to indicate what will be included in their final report. Reports on inquiries conducted by the S&I Staff are made to the Chairman of the Appropriations Committee. While the Department may routinely request copies of the final report, such copies may not be released except by authority of the Chairman or a majority of the Committee. In some cases, reports are withheld indefinitely.

III. APPLICABILITY AND SCOPE

The provisions of this Instruction apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Defense Agencies, and the Unified and Specified Commands (hereinafter referred to as "DoD Components").

IV. RESPONSIBILITIES

- A. The Assistant Secretary of Defense (Comptroller) in the role of principal staff advisor to the Secretary of Defense for ". . . budgeting, auditing, and fiscal functions" pursuant to Section II, DoD Directive 5118.3 (reference (b)), is responsible for establishing administrative procedures covering the relationship of DoD Components with the S&I Staff, serving as the principal liaison representative of the Department of Defense with the S&I Staff, and making such arrangements as are necessary to facilitate the conduct of inquiries by the S&I Staff. In carrying out this authority, the Special Assistant, Office of the Assistant Secretary of Defense (Comptroller), is designated as the individual who will coordinate with all other DoD Components those matters related to S&I Staff inquiries and direct S&I Staff members who are conducting inquiries to the appropriate organizations and individuals within the Department of Defense.
- B. Each principal staff assistant to the Secretary of Defense or in the Organization of the Joint Chiefs of Staff is responsible for Defense-wide coordination of inquiries involving their respective functional areas. When notification of an impending inquiry has been received from the Special Assistant, OASD(C), each principal staff assistant to the Secretary of Defense or the Director of the Joint Staff will designate and advise the Special Assistant, OASD(C), of the office within that organization and the individual from that office who will serve as the OSD or JCS Staff Coordinator for that particular inquiry.

- C. Each Secretary of a Military Department and Director of a Defense Agency is responsible for all arrangements that are necessary for S&I Staff teams to conduct inquiries within each department or agency. These arrangements will include the designation of an office to receive all notifications of impending inquiries; assignment of responsibility to a specific organization and individual within the Military Department or Defense Agency for dealing with the S&I Staff and with the OSD Staff Coordinator on each inquiry as it is announced; advising the Special Assistant, OASD(C), and the OSD Staff Coordinator, as appropriate, of individuals who are to be contacted by Surveys and Investigations Staff personnel; and reporting to the Special Assistant, OASD(C), on the status and results of each inquiry.

V. POLICIES AND PROCEDURES

- A. Inquiries are initiated by majority vote of a subcommittee of the House Appropriations Committee, with participation by both the subcommittee Chairman and the Ranking Minority Member. Upon approval of the Chairman and Ranking Minority Member of the House Appropriations Committee, the request for an inquiry is directed to the S&I Staff for action. The Chief, Surveys and Investigations Staff, House Appropriations Committee, will advise the Secretary of Defense by letter of the impending inquiry. Information copies of such letters will be provided to the Assistant Secretary of Defense (Public Affairs), the Assistant Secretary of Defense (Legislative Affairs), General Counsel, Organization of the Joint Chiefs of Staff, the Military Departments, and any interested Defense Agency. Following such notification, the Special Assistant, Office of the Assistant Secretary of Defense (Comptroller), will determine the office of primary responsibility and request that an individual from that office be designated as the OSD Staff Coordinator. The Special Assistant, OASD(C), will then forward the name of the individual designated as OSD Staff Coordinator to the S&I Staff. Henceforth, the OSD Staff Coordinator will become the principal coordinator between the S&I team and DoD for the conduct of that particular inquiry.
- B. If the subject of the inquiry is in a functional area under the jurisdiction of the Joint Chiefs of Staff, the Director of the Joint Staff will designate the individual who will serve as Staff Coordinator for that particular inquiry. In those instances, the JCS Staff Coordinator will perform the same duties and assume the same responsibilities that are otherwise assigned in this Instruction to the OSD Staff Coordinator.
- C. The Special Assistant, OASD(C), will also advise the Principal Deputy Assistant Secretary of Defense (Comptroller) of each inquiry as it is received. If the PDASD(C) determines that there are significant budgetary implications in an inquiry, a member of that staff may be appointed as Budget Monitor to assist and advise

the OSD Staff Coordinator on budgetary matters. The OSD Staff Coordinator will keep the Budget Monitor advised of the progress of the inquiry.

- D. The Special Assistant, OASD(C), will also inform the designated representative or central coordinating office in the Military Department concerned of each inquiry as it is received. Each Defense Agency will also be advised of each inquiry in which it has an interest. A Military Department or Defense Agency individual will then be designated as the principal coordinator within that organization for matters pertaining to the inquiry. Such individuals will normally be from the same functional area as the OSD Staff Coordinator.
- E. As appointments are made, the Special Assistant, OASD(C), will notify the Chief, Surveys and Investigations Staff, of the names of Department of Defense individuals who are to be contacted to get the inquiry underway.
- F. The Chief, Surveys and Investigations Staff, will furnish the Special Assistant, OASD(C), a list of the names of S&I Staff investigators who will be participating in an inquiry. The Special Assistant, OASD(C), will then obtain the security clearance of each investigator from the Assistant Secretary of Defense (Legislative Affairs) or the Office of the Deputy Assistant Secretary of Defense (Administration), OASD(C), Attn: Security Division, and provide a listing of investigators and their security clearance to the OSD Staff Coordinator, the Military Department central coordinating offices, and any Defense Agency that may be involved in the inquiry.
 - 1. While the inquiry is underway, the OSD Staff Coordinator will assure that DoD personnel who will be contacted by S&I Staff members have been notified, in advance, of their security clearance. In addition, the Security Division will provide a security clearance certification to the appropriate security office for each DoD Component or Defense contractor that is to be contacted by S&I Staff members.
 - 2. Any question that may arise concerning the security clearance of S&I Staff members should be resolved promptly. When necessary, the security clearance of any S&I Staff member may be verified by direct contact with the ODASD(A), OASD(C), Attn: Chief, Security Division, telephone 697-7171.
- G. Surveys and Investigations Staff teams will be advised to contact the OSD Staff Coordinator when the inquiry is commenced for the purpose of arranging visits to DoD facilities and obtaining required information. The OSD Staff Coordinator will take the lead in making such arrangements and will arrange for travel and appointment schedules with Military Department coordinators or with other Department of Defense offices. When the S&I Staff team requests information or data from the OSD staff or JCS, the OSD Staff Coordinator will secure

such information or data. This will enable the OSD Staff Coordinator to be knowledgeable of the material being requested and at the same time preclude unnecessary administrative delays in obtaining the information or data. The OSD Staff Coordinator will request that the S&I Staff team advise on any unresolved problems that may arise in the conduct of the inquiry. All possible steps will be taken to assure that S&I Staff members receive full cooperation of DoD organizations in conducting the inquiry.

- H. It is the practice of Surveys and Investigations Staff teams to visit DoD installations by themselves. Accordingly, the OSD Staff Coordinator or Military Department and Defense Agency coordinators should not arrange for DoD officials to accompany S&I teams except in unusual circumstances, or when the S&I team chief requests that DoD officials accompany them.
- I. Each Military Department and Defense Agency will designate an office as the initial point of contact and central coordinating office on all matters concerning the activities of the S&I Staff. Upon being advised by the Special Assistant, OASD(C), that notification of an impending inquiry has been received, the Department or Agency central coordinating office will (1) notify the appropriate staff offices of the pending inquiry, and (2) initiate the action to designate an individual to serve as the principal coordinator with the S&I Staff for that particular inquiry. Since it is usually desirable for the Department or Agency coordinator to be in the same functional area as the OSD Staff Coordinator, the Department or Agency central coordinating office will ascertain from the Special Assistant, OASD(C), who will be the OSD Staff Coordinator before finalizing the Military Department or Defense Agency appointment.

VI. REPORTING

- A. Each Military Department or Defense Agency involved in any inquiry will submit a monthly report, in duplicate, no later than the 15th day of the following month, to the Special Assistant, OASD(C), on the status of each inquiry.
- B. This progress report will include a description of any controversial issues, their resolution, and any corrective actions taken as a result of the inquiry.
- C. The Special Assistant, OASD(C), will immediately distribute the copies of Military Department or Defense Agency reports to the applicable OSD Staff Coordinators.
- D. Each OSD Staff Coordinator will notify the Special Assistant, OASD(C), promptly of any unusual or controversial matters not covered in the Military Department or Defense Agency reports.

- E. The Special Assistant, OASD(C), will maintain a list indicating the status of all inquiries that are pending, in progress, or completed during the current year and other pertinent information. This list will be reproduced quarterly for distribution to ASD(C), ASD(LA), ASD(PA), General Counsel, the Military Departments, and other interested staff offices.
- F. The reporting requirements prescribed in A., above, are assigned Report Control Symbol DD-COMP (M).

VII. PROVISION OF INFORMATION TO S&I STAFF MEMBERS

- A. The provision of information ^{to S&I STAFF MEMBERS} and data to S&I Staff members, will be subject to the prevailing rules and customs for providing information direct to the House Appropriations Committee (DoD Directive 5400.4, reference (c)). It is the policy of the Department of Defense to extend maximum cooperation and provide all needed information to S&I Staff members in their conduct of inquiries subject to the following conditions:
1. Classified information that is pertinent to the subject of the inquiry will be properly safeguarded and provided only in accordance with the policies and regulations established under DoD Directive 5200.1, "DoD Information Security Program" (reference (d)).
 2. Budget estimates and supporting materials for any given fiscal year will not be provided prior to transmittal of the President's Budget for that year to the Congress. Thereafter, any material provided to the Appropriations Committee may be furnished. OMB Circular A-10, (reference (e)), establishes the policies with respect to any premature disclosure of Presidential recommendations.
 3. Instructions issued by the Deputy Secretary of Defense in his memorandum of August 27, 1969 (reference (f)), concerning the release of out-year financial planning data, will be observed.
 4. Any information which is recognized by law as privileged will not be released. For example, the non-factual information, i.e., recommendations and conclusions contained in Inspector General reports and special investigation reports, is generally considered to be information which is privileged and therefore not releasable.
- B. The conditions cited above in paragraphs A.1-4. which may preclude the provision of data to S&I Staff members should arise infrequently. When such conditions do arise, it should normally be possible to satisfy requests for such data by some alternate means that are acceptable to both the requestor and the

5500.16
Dec 8, 76

Department of Defense. Defense personnel will, therefore, exert every possible effort to discover such alternate means. However, in those cases where requests for data cannot be satisfied by some alternate means, there will be no disclosure of material described above, or final refusal to disclose such material, except in accordance with the procedures set forth in paragraph IV.B.2. of DoD Directive 5400.4 (reference (c)).

VIII. EFFECTIVE DATE AND IMPLEMENTATION

This instruction is effective immediately. Two copies of implementing documents shall be forwarded to the Assistant Secretary of Defense (Comptroller) within 60 days.

Fred P. Wacker
Assistant Secretary of Defense
(Comptroller)

THE PROCESS OF BUDGET EXECUTION



**Office of The
Assistant Secretary of Defense
(Comptroller)**

THE PROCESS OF BUDGET EXECUTION

- THIS BRIEFING DEALS WITH THE MATTER OF DEPARTMENT OF DEFENSE UNOBLIGATED AND UNEXPENDED BALANCES – A SUBJECT WHICH IS FREQUENTLY DISCUSSED AND OFTEN MISUNDERSTOOD.
- JUST AS IN THE SUBTITLE FOR THIS BRIEFING, THERE IS OFTEN A TENDENCY TO ATTACH A SUBJECTIVE QUALITY TO THESE TERMS.
- THESE TERMS ARE FREQUENTLY USED IN AN ABSTRACT WAY AND ADDRESSED AS IF THEY WERE A MEANS TO AN END.
- IT IS IMPORTANT TO UNDERSTAND THE PROCESS OF BUDGET EXECUTION, BECAUSE UNOBLIGATED AND UNEXPENDED BALANCES BECOME AN ARITHMETIC DERIVATIVE.

THE PROCESS OF BUDGET EXECUTION

UNOBLIGATED AND UNEXPENDED BALANCES

EVENTS IN THE EXECUTION PROCESS

- THE LEGISLATIVE PROCESS PROVIDES BOTH THE AUTHORITY AND THE RESOURCES TO ACCOMPLISH DEPARTMENT OF DEFENSE PROGRAM OBJECTIVES.
- THE PROCESS IS EVENT ORIENTED.
- CONTRACTUAL ACTION INVOLVING PERSONAL SERVICES OR MATERIEL RESULTS IN OBLIGATIONS.
- PAYMENTS FOR PERFORMANCE RENDERED OR DELIVERY OF MATERIEL RESULTS IN EXPENDITURES.

DEPARTMENT OF DEFENSE BUDGET
MILITARY FUNCTIONS UNOBLIGATED
AND UNEXPENDED BALANCES

- THE TIME SPAN REQUIRED FOR ORDERLY BUDGET EXECUTION IS SUCH THAT THERE WILL AND SHOULD BE BALANCES.
- UNOBLIGATED BALANCES REPRESENT PROGRAMS, OR PORTIONS OF PROGRAMS, WHICH HAVE NOT YET BEEN PLACED UNDER CONTRACT.
- WE WOULD EXPECT THE UNOBLIGATED BALANCES TO PERTAIN TO CAPITAL INVESTMENT PROGRAMS IN GENERAL AND TO THE MAJOR PROCUREMENT AREA IN PARTICULAR.
- IT IS IMPORTANT TO RECOGNIZE THAT BY FAR THE LARGER PORTION OF UNEXPENDED BALANCES REPRESENTS PROGRAMS WHICH HAVE REACHED THE CONTRACTUAL ACTION STAGE OF THE EXECUTION PROCESS. THESE BALANCES REPRESENT LEGAL OBLIGATIONS AGAINST WHICH PAYMENT MUST ULTIMATELY BE MADE.

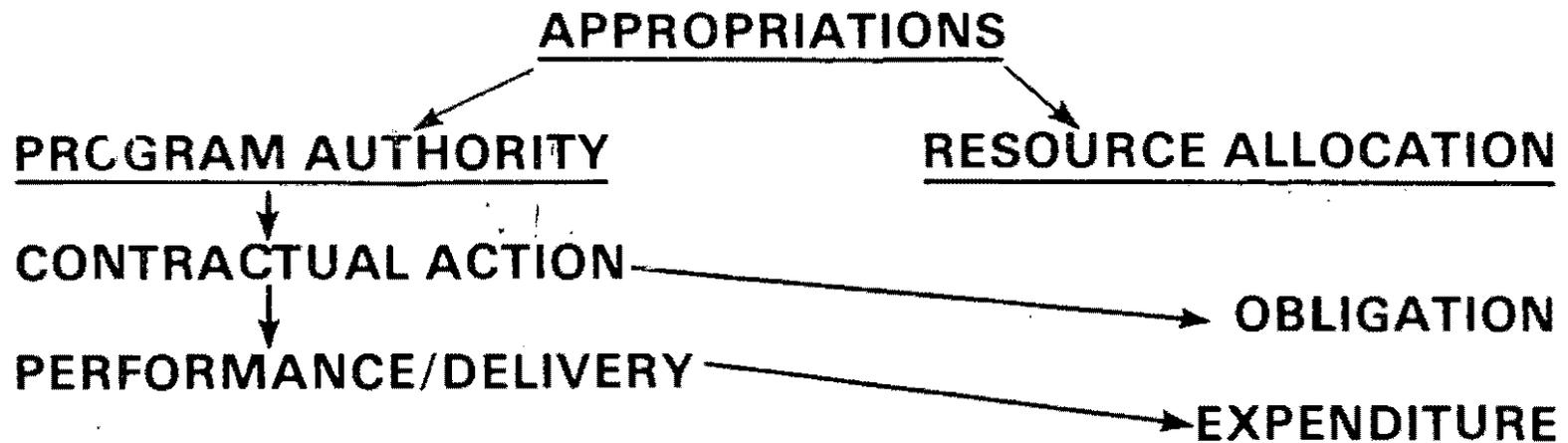
PROCUREMENT APPROPRIATIONS UNOBLIGATED BALANCES

- WITHIN THE PROCUREMENT AREA THE NAVY SHIPBUILDING PROGRAM ACCOUNTS FOR THE LARGEST SINGLE PORTION OF THE UNOBLIGATED BALANCES.
- BALANCES IN OTHER APPROPRIATIONS VARY DEPENDING UPON THE NATURE AND SIZE OF THE PROGRAM.
- A COMPARISON OF THE BALANCES, EXCLUSIVE OF SHIPBUILDING, WITH THE PROGRAM VALUE EACH YEAR INDICATES THAT THE RELATIONSHIPS ARE STABLE AND REASONABLY PREDICTABLE. THE FOLLOWING TWO CHARTS PROVIDE AN AGING ANALYSIS OF BOTH UNOBLIGATED AND UNEXPENDED BALANCES IN THESE AREAS.

EVENTS IN THE EXECUTION PROCESS

PROGRAM PROCESS

FISCAL RESULTS



TIME PHASING OF THE EXECUTION PROCESS

- IF THE EVENTS IN THE EXECUTION PROCESS WERE COMPLETED ENTIRELY WITHIN EACH FISCAL YEAR, THERE WOULD BE NO UNOBLIGATED OR UNEXPENDED BALANCES.
- IF WE WERE DEALING ENTIRELY WITH OPERATING PROGRAMS IN THE DEPARTMENT OF DEFENSE BUDGET, THERE WOULD BE NO UNOBLIGATED BALANCES AT THE END OF EACH YEAR AND ONLY MODEST UNEXPENDED BALANCES.
- NEITHER OF THE FOREGOING TWO CONDITIONS APPLIES SINCE THE BUDGET DEALS ALSO WITH MAJOR CAPITAL INVESTMENTS.
- CONGRESS FULLY FUNDS THE CAPITAL INVESTMENTS APPROVED IN THE ANNUAL BUDGET, AND RECOGNIZES THE TIME PHASING REQUIREMENTS OF THE ACQUISITION PROCESS BY PROVIDING APPROPRIATION OBLIGATION LIFE SPANS AS APPROPRIATE TO THE VARIOUS FUNCTIONAL AREAS.



TIME PHASING OF THE EXECUTION PROCESS

OPERATIONS

- 1 YEAR APPROPRIATION LIFE
- 100% OBLIGATED IN 1ST YEAR
- 87% EXPENDED IN 1ST YEAR

R&D

- 2 YEAR APPROPRIATION LIFE
- 93% OBLIGATED IN 1ST YEAR
- 58% EXPENDED IN 1ST YEAR

PROCUREMENT (EXCL. SHIPBUILDING)

- 3 YEAR APPROPRIATION LIFE
- 76% OBLIGATED IN 1ST YEAR
- 13% EXPENDED IN 1ST YEAR

SHIPBUILDING

- 5 YEAR APPROPRIATION LIFE
- 51% OBLIGATED IN 1ST YEAR
- 5% EXPENDED IN 1ST YEAR

MILITARY CONSTRUCTION

- 5 YEAR APPROPRIATION LIFE
- 75% OBLIGATED IN 1ST YEAR
- 11% EXPENDED IN 1ST YEAR

**DEPARTMENT OF DEFENSE BUDGET
MILITARY FUNCTIONS UNOBLIGATED
AND UNEXPENDED BALANCES
(\$ BILLIONS)**

	<u>6/30/73</u>	<u>6/30/74</u>	<u>6/30/75</u>	<u>9/30/76</u>	<u>9/30/77</u>	<u>9/30/78</u>	<u>9/30/79</u>	<u>EST. 9/30/80</u>	<u>EST. 9/30/81</u>
UNOBLIGATED BALANCES	12.7	15.1	16.7	21.0	20.0	21.3	23.0	24.4	23.8
OBLIGATED BALANCES	26.9	28.5	27.1	30.3	42.7	52.4	60.9	70.4	86.4
UNEXPENDED BALANCES	39.6	43.6	43.9	51.3	62.7	73.6	83.9	94.8	110.1

DOD UNOBLIGATED BALANCES END OF FISCAL YEAR, 1978-81

-
- THE TRENDS AND BALANCES IN THE AREAS OTHER THAN PROCUREMENT ARE FAIRLY CONSTANT.
 - THE RDT&E PROGRAM IS INCREMENTALLY FUNDED AND OBLIGATES ON THE ORDER OF 93% IN THE INITIAL YEAR.
 - MILITARY CONSTRUCTION, WHILE FULLY FUNDED AS A CAPITAL INVESTMENT, IS A RELATIVELY SMALL PORTION OF THE TOTAL DEPARTMENT OF DEFENSE BUDGET AND THE BALANCES ARE ACCORDINGLY MODEST.
 - THE INDUSTRIAL FUNDS ARE REVOLVING FUNDS WHICH FINANCE THE OPERATIONS OF SHIPYARDS, ARSENALS, DEPOTS, AND OTHER COMMERCIAL AND INDUSTRIAL TYPE OF INHOUSE DOD ACTIVITIES.
 - THE STOCK FUNDS ARE ALSO REVOLVING AND MANAGEMENT FUNDS WHICH FINANCE THE PURCHASE OF CONSUMABLE MATERIALS FOR RESALE TO THE MILITARY SERVICES AND OTHER AUTHORIZED CUSTOMERS. CONSUMABLE MOBILIZATION RESERVE MATERIALS ARE ALSO PURCHASED THROUGH THE STOCK FUNDS.
 - AS EXPECTED THE LARGEST PORTION OF OUR UNOBLIGATED BALANCES APPLIES TO THE PROCUREMENT APPROPRIATIONS WHEREIN WE FINANCE THE ACQUISITION OF AIRCRAFT, MISSILES, SHIPS, TRACKED COMBAT VEHICLES, AND OTHER WEAPONS AND MATERIAL.

DOD UNOBLIGATED BALANCES
END OF FISCAL YEAR 1978-81
(\$ BILLIONS)

	<u>9/30/78</u>	<u>9/30/79</u>	<u>EST.</u> <u>9/30/80</u>	<u>EST.</u> <u>9/30/81</u>
PROCUREMENT	15.8	15.1	17.9	17.9
RDT&E	.9	1.1	1.1	1.3
MILITARY CONSTRUCTION	1.5	1.5	1.5	1.7
FAMILY HOUSING	.2	.2	.1	.2
INDUSTRIAL FUNDS	2.7	3.4	3.2	2.6
STOCK FUNDS	—	1.6	.5	—
TRUST FUNDS	.1	.1	.1	.1
TOTAL UNOBLIGATED BALANCES	21.3	23.0	24.4	23.8

**PROCUREMENT APPROPRIATIONS
UNOBLIGATED BALANCES
(\$ MILLIONS)**

	<u>9/30/78</u>	<u>9/30/79</u>	EST. <u>9/30/80</u>	EST. <u>9/30/81</u>
AIRCRAFT, ARMY	183	193	234	236
MISSILES, ARMY	130	197	301	334
WPNS. AND TR. COMBAT VEH., ARMY	310	336	394	511
AMMUNITION, ARMY	452	479	520	577
OTHER, ARMY	802	750	715	897
AIRCRAFT, NAVY	1,031	1,306	1,096	1,529
WEAPONS, NAVY	998	878	847	976
SHIPBUILDING, NAVY	6,550	6,317	8,090	6,173
OTHER, NAVY	734	830	761	885
MARINE CORPS	130	207	143	198
AIRCRAFT, AIR FORCE	2,770	2,227	2,857	3,033
MISSILES, AIR FORCE	825	589	956	1,370
OTHER, AIR FORCE	752	599	839	986
DEFENSE AGENCIES	145	152	143	91
TOTAL UNOBLIGATED BALANCES	<u>15,812</u>	<u>15,062</u>	<u>17,897</u>	<u>17,854</u>
UNOBLIGATED BALANCES: AS A PERCENT OF AVAILABILITY	32.0%	30.7%	33.8%	29.6%

**ANALYSIS OF PROCUREMENT
(EXCLUDING SCN)
UNOBLIGATED AND UNEXPENDED BALANCES
(\$ BILLIONS)**

	<u>71</u>	<u>72</u>	<u>73</u>	<u>74</u>	<u>75</u>	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>	<u>81</u>
<u>UNOBLIGATED BALANCE</u>	6.5	5.1	5.4	6.7	7.5	10.2	9.3	9.3	8.7	9.8	11.7
1ST YEAR BALANCE	6.5	3.5	3.4	5.5	5.9	8.4	7.1	6.8	6.2	7.3	8.9
2ND YEAR BALANCE		1.6	2.0	1.2	1.6	1.8	2.2	2.4	2.6	2.5	2.8
<u>UNEXPENDED BALANCE</u>	17.9	17.3	18.1	18.4	18.4	22.4	28.9	34.9	39.9	45.3	53.7
1ST YEAR BALANCE	17.9	11.4	12.2	11.6	11.6	16.4	19.0	21.6	22.8	25.4	29.9
2ND YEAR BALANCE		5.9	4.1	4.9	5.0	4.2	7.8	9.8	11.7	12.6	14.4
3RD YEAR BALANCE			1.8	1.1	1.1	1.0	1.2	2.5	3.7	5.0	5.6
4TH YEAR BALANCE				.8	.3	.3	.4	.4	1.0	1.4	2.4
PRIOR YEARS					.4	.5	.5	.6	.7	.9	1.4

ANALYSIS OF SCN UNOBLIGATED AND UNEXPENDED BALANCES

- IN THE CASE OF SHIPBUILDING, THE AGING PATTERN VARIES BECAUSE OF THE MORE EXTENDED ACQUISITION CYCLE.

**ANALYSIS OF SCN
UNOBLIGATED AND UNEXPENDED BALANCES
(\$ BILLIONS)**

	<u>71</u>	<u>72</u>	<u>73</u>	<u>74</u>	<u>75</u>	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>	<u>81</u>
<u>UNOBLIGATED BALANCE</u>	2.0	2.6	3.2	4.0	4.9	4.6	5.6	6.6	6.3	8.1	6.2
1ST YEAR BALANCE	2.0	1.4	1.4	2.0	2.7	2.0	3.1	2.9	2.2	3.8	3.0
2ND YEAR BALANCE		1.2	.9	.8	1.4	1.5	1.5	2.3	1.8	1.7	1.7
3RD YEAR BALANCE			.9	.7	.4	.9	.5	1.1	1.5	1.3	.7
4TH YEAR BALANCE				.5	.4	.2	.4	.2	.8	1.3	.8
5TH YEAR BALANCE							.1	.1			
<u>UNEXPENDED BALANCE</u>	5.5	6.6	7.5	8.9	9.1	10.2	13.2	15.8	16.5	18.9	20.6
1ST YEAR BALANCE	5.5	2.7	2.8	3.2	3.1	4.1	5.6	5.6	4.3	6.5	6.0
2ND YEAR BALANCE		3.9	2.1	2.2	2.6	2.4	3.4	4.9	4.8	3.2	5.6
3RD YEAR BALANCE			2.6	1.7	1.7	1.8	1.9	2.8	3.7	3.7	2.3
4TH YEAR BALANCE				1.8	1.0	1.1	1.2	1.2	1.9	2.9	2.7
PRIOR YEARS					.7	.8	1.1	1.3	1.8	2.6	4.0

AIRCRAFT EXECUTION

(BASED ON FY 1976 A-10 PROGRAM)

- TO ILLUSTRATE THE TIME-PHASED ASPECT OF BUDGET EXECUTION, THIS CHART SUMMARIZES CONTRACTUAL ACTION FOR THE FY 1976 A-10 AIRCRAFT PROGRAM.
- FOURTEEN SEPARATE CONTRACTS WERE INVOLVED.
- APPROXIMATELY 70% OF THE PROGRAM WAS OBLIGATED IN THE FIRST YEAR, AND THE REMAINDER WAS OBLIGATED IN APPROXIMATELY EQUAL INCREMENTS DURING THE SECOND AND THIRD YEARS.
- WHILE THE PRECISE PHASING FOR INDIVIDUAL PROGRAMS WILL VARY, WE ARE ABLE TO RELY UPON AGGREGATED HISTORICAL DATA TO MAKE REASONABLY ACCURATE BUDGET PROJECTIONS.

AIRCRAFT EXECUTION
(BASED ON FY 1976 A-10 PROGRAM)

\$ IN MILLIONS

<u>AIRCRAFT</u>	<u>PROGRAM</u>	<u>ACTUAL OBLIGATIONS</u>		
		<u>YR. 1</u>	<u>YR. 2</u>	<u>YR. 3</u>
AIRFRAME	<u>156</u>	<u>135</u>	<u>149</u>	<u>156</u>
ENG. CHANGE ORD.		(9)	(5)	(-)
RESERVE FOR INCENTIVES		(3)	(-)	(-)
RESERVE FOR ESCALATION		(7)	(2)	(-)
RESERVE FOR CLAIMS		(2)	(-)	(-)
ENGINES	<u>54</u>	<u>40</u>	<u>47</u>	<u>54</u>
ENGINE ACCESSORIES		(6)	(2)	(-)
RESERVE FOR INCENTIVES		(2)	(2)	(-)
RESERVE FOR ESCALATION		(6)	(3)	(-)
ELECTRONICS	<u>5</u>	<u>4</u>	<u>5</u>	<u>5</u>
GFE		(1)	(-)	(-)
SUPPORT	<u>65</u>	<u>14</u>	<u>36</u>	<u>65</u>
TRAINING EQUIPMENT		(12)	(5)	(-)
GROUND EQUIPMENT		(32)	(20)	(-)
DATA		(7)	(4)	(-)
OTHER	<u>13</u>	<u>12</u>	<u>13</u>	<u>13</u>
ORDNANCE		(1)	(-)	(-)
PROGRAM	<u>293</u>			
TOTAL OBLIGATIONS	-	205	250	<u>293</u>
UNOBLIGATED	-	(88)	(43)	(0)

DEPARTMENT OF DEFENSE BUDGET FY 1979 OBLIGATIONS AND OUTLAYS

- ESTIMATES OF OBLIGATIONS EACH YEAR INCLUDE BOTH THE DIRECT (APPROPRIATED FUND) PROGRAM AND THE REIMBURSABLE (CUSTOMER) PROGRAM.
- OUTLAY ESTIMATES DEPEND HEAVILY UPON HISTORICAL DATA SINCE DISBURSEMENTS ARE MADE AT NUMEROUS CENTRALIZED FISCAL LOCATIONS, AND NOT THROUGH THE INDIVIDUAL PROGRAM MANAGER ORGANIZATIONS.
- THIS CHART COMPARES THE FY 1979 ACTUALS TO THE ESTIMATES REFLECTED IN THE FY 1980 PRESIDENT'S BUDGET (JANUARY 1979).
- AFTER ADJUSTING THE PLANS ONLY FOR APPROPRIATIONS AND CUSTOMER ORDERS WHICH FAILED TO MATERIALIZE, THE ACTUAL OBLIGATIONS FOR FY 1979 WERE AT 100.1% OF THE ESTIMATE AND OUTLAYS AT 102.8%.

**DEPARTMENT OF DEFENSE BUDGET
FY 1979 OBLIGATIONS AND OUTLAYS
(\$ BILLIONS)**

	<u>OBLIGATIONS</u>	<u>OUTLAYS</u>
PLAN	169.9	112.4
ADJUSTED AVAILABILITY	<u>-1.1</u>	<u>-5</u>
REVISED PLAN	168.8	111.9
ACTUAL	169.0	115.0
ACTUAL AS % OF REVISED PLAN	100.1%	102.8%

FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES

- OUR UNEXPENDED AND UNOBLIGATED BALANCES ARE IN FACT LARGE BUT THEY ARE PREDICTED AND PREDICTABLE.
- THE BALANCES FOR THE TOTAL FEDERAL GOVERNMENT ARE EVEN MORE IMPRESSIVE, WITH A PROJECTED TOTAL UNEXPENDED BALANCE EXCEEDING FOUR-FIFTHS OF A TRILLION DOLLARS BY END FY 1981.
- DOD ESTIMATED BALANCES FOR FY 1979 (WHICH ENDED 9/30/79) COMPARE FAVORABLY WITH THE ACTUAL RESULTS.
- THE FY 1979 ESTIMATES VS ACTUAL FOR OTHER AGENCIES UNDERSCORES THE FACT THAT WE ARE DEALING WITH ESTIMATES AND NOT A PRECISE SCIENCE.



**FEDERAL GOVERNMENT UNOBLIGATED
AND UNEXPENDED BALANCES
(\$ BILLIONS)**

	<u>9/30 78</u>	9/30 79 AS FORECAST JANUARY <u>1979</u>	<u>9 30 79</u>	EST. <u>9 30 80</u>	EST. <u>9 30 81</u>
FEDERAL FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	21.2	22.4	22.9	24.4	23.7
OTHER AGENCIES	<u>101.0</u>	<u>65.6</u>	<u>85.8</u>	<u>104.4</u>	<u>103.7</u>
FEDERAL GOVERNMENT TOTAL	122.1	88.0	108.7	128.8	127.3
UNEXPENDED BALANCES					
DOD MILITARY	73.4	96.6	83.7	94.7	110.0
OTHER AGENCIES	<u>386.6</u>	<u>398.0</u>	<u>409.4</u>	<u>471.1</u>	<u>511.4</u>
FEDERAL GOVERNMENT TOTAL	460.1	484.6	493.1	565.8	621.4
TRUST FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	.1	.1	.1	.1	.1
OTHER AGENCIES	<u>135.6</u>	<u>149.7</u>	<u>148.3</u>	<u>158.3</u>	<u>169.8</u>
FEDERAL GOVERNMENT TOTAL	135.8	149.8	148.4	158.4	169.9
UNEXPENDED BALANCES					
DOD MILITARY	.2	.2	.2	.2	.1
OTHER AGENCIES	<u>179.1</u>	<u>199.3</u>	<u>195.0</u>	<u>209.4</u>	<u>225.2</u>
FEDERAL GOVERNMENT TOTAL	179.3	199.5	195.1	209.5	225.4
TOTAL FEDERAL FUNDS & TRUST FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	21.3	22.5	23.0	24.4	23.8
OTHER AGENCIES	<u>236.6</u>	<u>215.3</u>	<u>234.1</u>	<u>262.7</u>	<u>273.5</u>
FEDERAL GOVERNMENT TOTAL	257.9	237.8	257.1	287.2	297.2
UNEXPENDED BALANCES					
DOD MILITARY	73.6	86.8	83.9	94.8	110.1
OTHER AGENCIES	<u>565.8</u>	<u>597.3</u>	<u>604.3</u>	<u>680.5</u>	<u>736.6</u>
FEDERAL GOVERNMENT TOTAL	639.4	684.1	688.2	775.3	846.8

FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES

- THIS CHART HELPS TO ILLUSTRATE THAT WE ARE DEALING WITH THE PHENOMENON OF LARGE NUMBERS.
- AS A RESULT OF PROGRAM GROWTH TO A DEGREE AND INFLATION TO A LARGER DEGREE, THE BALANCES MUST BE EXPECTED TO GROW.
- DOD UNOBLIGATED BALANCES OF \$13.0 BILLION AND UNEXPENDED BALANCES OF \$36.0 BILLION A DECADE AGO WERE VERY LARGE NUMBERS.
- CONVERTING THESE FY 1971 BALANCES TO CONSTANT FY 1981 PRICES MAKES THEM EVEN MORE IMPRESSIVE.

FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES
(\$ BILLIONS)

	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	EST <u>FY 1980</u>	EST <u>FY 1981</u>
CURRENT PRICES											
UNOBLIGATED BALANCES											
DOD MILITARY	13.0	11.9	12.7	15.1	16.7	21.0	20.0	21.3	23.0	24.4	23.8
OTHER AGENCIES	<u>161.9</u>	<u>165.3</u>	<u>174.3</u>	<u>219.2</u>	<u>271.5</u>	<u>247.7</u>	<u>233.8</u>	<u>236.6</u>	<u>234.1</u>	<u>262.7</u>	<u>273.5</u>
FEDERAL GOVERNMENT TOTAL	<u>174.8</u>	<u>177.2</u>	<u>187.0</u>	<u>234.3</u>	<u>288.3</u>	<u>268.7</u>	<u>253.8</u>	<u>257.9</u>	<u>257.1</u>	<u>287.2</u>	<u>297.2</u>
UNEXPENDED BALANCES											
DOD MILITARY	36.0	35.9	39.6	43.7	44.0	51.4	62.6	73.6	83.9	94.8	110.1
OTHER AGENCIES	<u>224.9</u>	<u>233.7</u>	<u>254.1</u>	<u>379.0</u>	<u>462.9</u>	<u>490.2</u>	<u>526.3</u>	<u>565.8</u>	<u>604.3</u>	<u>680.5</u>	<u>736.6</u>
FEDERAL GOVERNMENT TOTAL	<u>260.9</u>	<u>269.5</u>	<u>293.7</u>	<u>422.7</u>	<u>506.9</u>	<u>541.5</u>	<u>589.0</u>	<u>639.4</u>	<u>688.2</u>	<u>775.3</u>	<u>846.8</u>
CONSTANT 1981 PRICES											
UNOBLIGATED BALANCES											
DOD MILITARY	27.2	23.6	23.5	25.9	26.6	31.3	27.5	27.0	26.9	26.4	23.8
OTHER AGENCIES	<u>339.1</u>	<u>327.3</u>	<u>322.7</u>	<u>376.1</u>	<u>432.2</u>	<u>369.7</u>	<u>321.0</u>	<u>300.4</u>	<u>273.9</u>	<u>283.8</u>	<u>273.5</u>
FEDERAL GOVERNMENT TOTAL	<u>366.3</u>	<u>350.9</u>	<u>346.2</u>	<u>402.0</u>	<u>458.8</u>	<u>401.0</u>	<u>348.5</u>	<u>327.4</u>	<u>300.8</u>	<u>310.2</u>	<u>297.2</u>
UNEXPENDED BALANCES											
DOD MILITARY	76.9	73.8	78.6	79.2	70.0	76.4	86.9	95.4	99.8	103.2	110.1
OTHER AGENCIES	<u>480.2</u>	<u>480.4</u>	<u>504.5</u>	<u>686.7</u>	<u>736.6</u>	<u>728.3</u>	<u>730.4</u>	<u>733.5</u>	<u>719.0</u>	<u>741.0</u>	<u>736.6</u>
FEDERAL GOVERNMENT TOTAL	<u>577.1</u>	<u>554.2</u>	<u>583.1</u>	<u>765.9</u>	<u>806.7</u>	<u>804.7</u>	<u>817.3</u>	<u>828.9</u>	<u>818.8</u>	<u>844.2</u>	<u>846.8</u>

GAO REVIEW IN 1977 OF DOD UNOBLIGATED BALANCES

- WITHIN DOD PROGRAM PERFORMANCE IS MONITORED ON A CONTINUOUS BASIS.
- IN 1977, AT THE REQUEST OF THE CONGRESSIONAL BUDGET COMMITTEES, THE GENERAL ACCOUNTING OFFICE (GAO) CONDUCTED A SPECIAL REVIEW.
- THE CONCLUSIONS ON THIS CHART WERE INCLUDED AMONG THE PRINCIPAL GAO FINDINGS.

**GAO REVIEW IN 1977 OF DOD
UNOBLIGATED BALANCES**

- GAO DID NOT FIND EVIDENCE THAT THE BUILD-UP IN UNOBLIGATED BALANCES FOR DEFENSE'S PROCUREMENTS BETWEEN JULY 1, 1972, AND SEPTEMBER 30, 1976, REPRESENTED A DEFENSE INABILITY TO PERFORM ITS PROGRAMS
- MOST OF THE INCREASE IN DEFENSE'S PROCUREMENT UNOBLIGATED TOTAL WAS DUE TO PROGRAMMED GROWTH RATHER THAN AN OBLIGATION RATE DECLINE
- THERE WAS NO EVIDENCE THAT ALLOWANCES FOR ENGINEERING CHANGE ORDERS AND INFLATION WERE OVERESTIMATED

SUMMARY

- A NEGATIVE CONNOTATION SHOULD NOT BE ATTACHED TO THE EXISTENCE OF UNOBLIGATED AND UNEXPENDED BALANCES. MISIMPRESSION EXISTS AMONG MANY THAT THESE BALANCES ARE COMPARABLE TO NON-INTEREST BEARING CASH IN AN INDIVIDUAL'S CHECKING ACCOUNT.
- COMPLETE ABANDONMENT OF THE FULL FUNDING PRACTICE WOULD MAKE LESS THAN ONE-FIFTH OF THE TOTAL UNEXPENDED BALANCES DISAPPEAR WHILE ADDING CONSIDERABLE COMPLICATIONS TO THE ANNUAL BUDGET PROCESS.
- ABANDONMENT OF THE FULL FUNDING PRINCIPLE WOULD ALSO REQUIRE THE DEVELOPMENT OF ANOTHER TERM COMPARABLE TO BUDGET AUTHORITY IN ORDER TO PROVIDE VISIBILITY WITH RESPECT TO THE TRUE LIABILITY OF THE FEDERAL GOVERNMENT.

SUMMARY

- UNOBLIGATED AND UNEXPENDED BALANCES PROVIDE A USEFUL MEASURE OF FEDERAL GOVERNMENT COMMITMENTS
- SUCH BALANCES DO NOT REPRESENT IDLE CASH
- TAX POLICIES AND TREASURY BORROWING PRACTICES ARE BASED UPON AMOUNTS TO BE EXPENDED WITHIN EACH FISCAL YEAR
- UNEXPENDED BUT OBLIGATED BALANCES CAN BE REDUCED BY CANCELLATION OF CONTRACTS
- UNEXPENDED AND UNOBLIGATED BALANCES CAN BE REDUCED BY CANCELLATION OF PROGRAMS OR BY ABANDONING THE CONGRESSIONAL PRINCIPLE OF "FULL FUNDING" CAPITAL INVESTMENTS

BUDGET EXECUTION FLEXIBILITIES



**Office of The
Assistant Secretary of Defense
(Comptroller)**

BUDGET EXECUTION FLEXIBILITIES

- REPROGRAMING
- TRANSFER AUTHORITY
- FOREIGN CURRENCY FLUCTUATION
- EMERGENCY AND EXTRAORDINARY EXPENSES
- SECTION 3732 DEFICIENCY AUTHORITY
- WORKING CAPITAL FUNDS TRANSFER AUTHORITY
- PERMANENT AUTHORITY
- FUNCTIONAL TRANSFERS
- EMERGENCY MILITARY CONSTRUCTION
- MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS
- TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH
- TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES
CONSTRUCTION
- CONSTRUCTION PROJECTS COST VARIATIONS
- RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR
DESTROYED
- MINOR CONSTRUCTION

REPROGRAMING

Example of Use

A \$44.0 MILLION REPROGRAMING REQUEST WAS APPROVED TO CREATE AN ADVANCE BUY LINE IN THE BACK-UP TITAN III BOOSTER PROGRAM IN FY 1980. THE OVERALL GOAL OF THE PROGRAM WAS TO TAKE INITIAL STEPS TO MAINTAIN CRITICAL TITAN III PRODUCTION CAPABILITY UNTIL INITIAL OPERATIONAL CAPABILITY OF THE SPACE SHUTTLE THROUGH ACQUISITION OF LONG-LEAD ITEMS. SOURCES OF FUNDING FOR THE INCREASE WERE FROM PROCUREMENT AND RDT&E APPROPRIATIONS.

REPROGRAMING

- APPLIES TO APPROPRIATIONS IN THE ANNUAL DOD APPROPRIATION ACT - MILITARY PERSONNEL, OPERATION & MAINTENANCE, PROCUREMENT, AND RESEARCH AND DEVELOPMENT.
- BASED UPON AGREEMENTS BETWEEN DOD AND THE CONGRESSIONAL ARMED SERVICES AND APPROPRIATIONS COMMITTEES.
- PROVIDES FLEXIBILITY TO REVISE THE PROGRAMS WITHIN AN APPROPRIATION.
- SOME ACTIONS MAY BE APPROVED BY THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES; OTHERS REQUIRE APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION OF, OR PRIOR APPROVAL BY, THE CONGRESSIONAL COMMITTEES SPECIFIED.
- A SUMMARY REPORT OF ALL REPROGRAMING ACTIONS IS SUBMITTED TO THE CONGRESS SEMIANNUALLY.
- CONSIDERABLE PRESSURE FROM THE COMMITTEES TO MINIMIZE REPROGRAMING. SECTION 743 OF THE 1980 ACT STATES THAT "NO PART OF THE FUNDS IN THIS ACT SHALL BE AVAILABLE TO PREPARE OR PRESENT A REQUEST TO THE COMMITTEES ON APPROPRIATIONS FOR THE REPROGRAMING OF FUNDS, UNLESS FOR HIGHER PRIORITY ITEMS, BASED ON UNFORESEEN MILITARY REQUIREMENTS, THAN THOSE FOR WHICH ORIGINALLY APPROPRIATED AND IN NO CASE WHERE THE ITEM FOR WHICH REPROGRAMING IS REQUESTED HAS BEEN DENIED BY THE CONGRESS."

APPROVAL AND/OR NOTIFICATION REQUIREMENTS FOR REPROGRAMING ACTIONS

OOO COMPONENT ACTION	OSO ACTION			
OOO INSTRUCTION 7250.10 DATED JANUARY 10, 1980 "IMPLEMENTATION OF REPROGRAMING OF APPROPRIATED FUNDS," REQUIRES PRIOR APPROVAL OF THE SECRETARY OF DEFENSE OR THE DEPUTY SECRETARY OF DEFENSE FOR THE FOLLOWING.	OBTAIN PRIOR APPROVAL OF HOUSE & SENATE COMMITTEES ON		NOTIFY HOUSE AND SENATE COMMITTEES ON	
	ARMED SERVICES	APPROPRI- ATIONS	ARMED SERVICES	APPROPRI- ATIONS
II. <u>ACTIONS REQUIRING NOTIFICATION TO THE COMMITTEES</u>				
A. <u>MILITARY PERSONNEL</u> - REPROGRAMING INCREASE OF \$5 MILLION OR MORE IN A BUDGET ACTIVITY.				YES
B. <u>OPERATION AND MAINTENANCE</u> - REPROGRAMING INCREASE IN ANY BUDGET ACTIVITY OF \$5 MILLION OR MORE				YES
C. <u>PROCUREMENT</u> - REPROGRAMING INCREASE OF \$5 MILLION OR MORE IN A LINE ITEM OR THE ADDITION TO THE PROCUREMENT LINE ITEM DATA BASE OF A PROCUREMENT LINE ITEM OF \$2 MILLION OR MORE.			1/	YES
D. <u>ROT&E</u> - REPROGRAMING INCREASE OF \$2 MILLION OR MORE IN ANY PROGRAM ELEMENT, INCLUDING THE ADDITION OF A NEW PROGRAM OF \$2 MILLION OR MORE, OR THE ADDITION OF A NEW PROGRAM ESTIMATED TO COST \$10 MILLION OR MORE WITHIN A 3 YEAR PERIOD.			YES	YES
E. REPROGRAMING ACTIONS INITIATING NEW PROGRAMS OR LINE ITEMS WHICH RESULT IN SIGNIFICANT FOLLOW ON COSTS EVEN THOUGH INITIAL ACTIONS ARE BELOW \$5 MILLION AND \$2 MILLION THRESHOLDS IN A THRU O ABOVE.			1/	YES

1/ YES, IF ACTION INVOLVES AN APPROPRIATION FOR WHICH FUNDS HAVE BEEN AUTHORIZED UNDER 10 USC 138. THE REPROGRAMING ACTION IS FORWARDED TO THESE COMMITTEES AND IS MARKED "INFORMATION COPY" ONLY WHEN FUNDS (EXCEPT ROT&E) CITED AS SOURCES OF FINANCING WERE SUBJECT TO AUTHORIZING LEGISLATION. ALL REPROGRAMING ACTIONS WHICH CITE ROT&E FUNDS AS A SOURCE OF FINANCING REQUIRE ARMED SERVICES COMMITTEE APPROVAL.

APPROVAL AND/OR NOTIFICATION REQUIREMENTS FOR REPROGRAMMING ACTION

DOD COMPONENT ACTION	OSO ACTION			
<p>OOD INSTRUCTION 7250.10 DATED JANUARY 10, 1980 "IMPLEMENTATION OF REPROGRAMING OF APPROPRIATED FUNDS," REQUIRES APPROVAL OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER) FOR THE ACTIONS IN SECTION III</p>	OBTAIN PRIOR APPROVAL OF HOUSE & SENATE COMMITTEES ON		NOTIFY HOUSE AND SENATE COMMITTEES ON	
	ARMED SERVICES	APPROPRIATIONS	ARMED SERVICES	APPROPRIATIONS
<p>III. <u>ACTIONS CLASSIFIED AS AUDIT-TRAIL-TYPE CHANGES (INTERNAL REPROGRAMINGS)</u></p> <p>RECLASSIFICATIONS REPORTING CHANGES IN AMOUNTS, BUT NOT IN THE SUBSTANCE OF THE PROGRAM NOR FROM THE PURPOSES ORIGINALLY BUDGETED FOR, TESTIFIED TO, AND DESCRIBED IN THE BUDGET JUSTIFICATIONS SUBMITTED TO THE CONGRESSIONAL COMMITTEE.</p>	N/A	N/A	N/A	N/A
<p>IV. <u>QUARTERLY REPORTING ON NEW STARTS</u></p> <p>ADVANCE NOTIFICATION ON BELOW THRESHOLD REPROGRAMINGS FOR NEW PROGRAMS OR LINE ITEMS NOT OTHERWISE REQUIRING PRIOR APPROVAL OR NOTIFICATION ACTION IS MADE BY LETTER DIRECTLY TO THE COMMITTEES BY THE DOD COMPONENT INVOLVED. THESE ITEMS ARE THEN REPORTED QUARTERLY ON A DO FORM 1416-1, SPECIAL QUARTERLY REPORT OF PROGRAMS, WHICH ALSO INCLUDES ACTIONS PREVIOUSLY CONSIDERED BY THE COMMITTEES AS PRIOR APPROVAL OR NOTIFICATION ACTIONS.</p>	N/A	N/A	YES	YES

DEPARTMENT OF DEFENSE
REPROGRAMING ACTIONS, FY 1970-1979
(\$ MILLIONS)

<u>REQUESTED</u>	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
NUMBER OF ACTIONS	129	132	82	56	24	45	43	55	66	60 ^{b/}
NUMBER OF LINE ITEMS	299	275	185	129	37	194	110	112	115	159
DOLLAR VALUE OF PROGRAM (GENERAL TRANSFER AUTHORITY)	\$2,431 —	\$3,266 (348)	\$1,866 (803)	\$1,453 (789)	\$ 219 (75)	\$1,446 (758)	\$ 791 (225)	\$ 1,036 (452)	\$ 1,237 (733)	\$ 1,163 (428)
<u>APPROVED</u>										
DOLLAR VALUE OF PROGRAM (GENERAL TRANSFER AUTHORITY)	2,385 —	3,146 (280)	1,680 (694)	1,255 (672)	200 (65)	1,166 (533)	687 (167)	728 (230)	1,032 (688)	956 (383)
<u>COMPARISON</u>										
VALUE OF TOTAL DEFENSE PROGRAM ^{a/}	74,000	71,247	74,632	76,701	79,141	82,095	92,561	105,548	113,409	125,199
% OF REPROGRAMING INCREASES (GENERAL TRANSFER AUTHORITY)	3.3% —	4.4% 4.0%	2.3% 1.3%	1.6% 0.8%	0.3% 0.2%	1.4% 0.6%	.7% .2%	.7% .2%	1.0% .6%	.8% .4%
<u>BELOW-THRESHOLD REPROGRAMINGS ^{c/}</u>										
NUMBER OF ACTIONS						1,864	2,186	1,396	1,087	1,468
TOTAL \$ VALUE						787	1,210	1,578	1,063	1,357

^{a/} EXCLUDES MILITARY CONSTRUCTION, FAMILY HOUSING, MILITARY ASSISTANCE, CIVIL FUNCTIONS, AND CIVIL DEFENSE.

^{b/} EXCLUDES 4 ACTIONS FORMALLY WITHDRAWN.

^{c/} DATA NOT AVAILABLE PRIOR TO FY 75

DEPARTMENT OF DEFENSE
REPROGRAMING ACTIONS FOR FISCAL YEARS 1970-1979
(\$ MILLIONS)

	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
NUMBER OF ACTIONS FORWARDED TO CONGRESS	129	132	82	56	24	45	43	55	66	60 ^{a/}
(PRIOR APPROVAL ACTIONS)	(41)	(47)	(42)	(38)	(16)	(28)	(30)	(36)	(42)	(37)
(NOTIFICATION ACTIONS)	(88)	(85)	(40)	(18)	(8)	(17)	(13)	(19)	(24)	(23)
<u>\$ REQUESTED BY TITLE</u>										
MILITARY PERSONNEL	\$ 54	\$ 366	\$ 287	\$ 222	\$10	\$ 192	\$75	\$ 33	\$ 52	\$ 27
RETIRED PAY, DEFENSE	-	-	-	-	-	-	-	-	-	15
OPERATIONS & MAINTENANCE	212	585	697	923	88	438	168	129	544	276
PROCUREMENT	1,744	1,792	669	224	82	674	501	763	476	625
RDT&E	421	523	213	84	39	22	47	111	165	189
REVOLVING & MANAGEMENT FUNDS	-	-	-	-	-	120	-	-	-	-
CLAIMS, DEFENSE	-	-	-	-	-	-	-	-	-	31
TOTAL REQUESTED BY DOD	2,431	3,266	1,866	1,453	219	1,446	791	1,036	1,237	1,163
(PRIOR APPROVAL ACTIONS)	(950)	(1,222)	(916)	(984)	(148)	(1,085)	(402)	(683)	(902)	(846)
(NOTIFICATION ACTIONS)	(1,481)	(2,044)	(950)	(469)	(71)	(361)	(389)	(352)	(335)	(316)
TOTAL APPROVED BY CONGRESS	2,385	3,146	1,614	1,255	200	1,166	687	728	1,032	956
(PRIOR APPROVAL ACTIONS)	(904)	(1,105)	(751)	(816)	(129)	(804)	(320)	(430)	(837)	(727)
(NOTIFICATION ACTIONS)	(1,481)	(2,041)	(863)	(439)	(71)	(360)	(367)	(298)	(195)	(229)

^{a/} EXCLUDES 4 ACTIONS FORMALLY WITHDRAWN

TRANSFER AUTHORITY

- SECTION 734 OF THE 1980 DOD APPROPRIATION ACT PROVIDES A GENERAL AUTHORITY FOR TRANSFERS, NOT TO EXCEED \$750 MILLION DURING FY 1980 BETWEEN APPROPRIATIONS OR FUNDS AVAILABLE TO DOD FOR MILITARY FUNCTIONS (EXCEPT MILITARY CONSTRUCTION). DOD HAS REQUESTED THAT CONGRESS INCREASE THIS LIMITATION.
- AUTHORITY TO TRANSFER MAY NOT BE USED UNLESS FOR HIGHER PRIORITY ITEMS BASED ON UNFORESEEN MILITARY REQUIREMENTS.
- REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE THAT SUCH ACTION IS IN THE NATIONAL INTEREST AND APPROVAL BY OMB.
- PROVIDES THAT THE SECRETARY OF DEFENSE SHALL NOTIFY CONGRESS PROMPTLY OF ALL TRANSFERS.
- THE USE OF THIS AUTHORITY IS ALSO SUBJECT TO THE PRIOR APPROVAL OF THE APPROPRIATIONS COMMITTEES UNDER THE REPROGRAMMING PROCEDURES.

TRANSFER OF AUTHORITY

Example of Use

THIS AUTHORITY, USED IN CONJUNCTION WITH THE REPROGRAMMING SYSTEM, ENABLED THE MOVEMENT OF \$13 MILLION TO THE MISSILE PROCUREMENT, AIR FORCE ACCOUNT TO ACCELERATE DELIVERY SCHEDULES FOR SATELLITE FLIGHT MODELS 9 THROUGH 12 TO MAINTAIN A VIABLE DEFENSE SATELLITE COMMUNICATION SYSTEM SPACE SEGMENT. FUNDS PROGRAMMED IN THE OTHER PROCUREMENT, AIR FORCE ACCOUNT FOR BOMBS, SPACETRACK, AND FIRST DESTINATION TRANSPORTATION WERE USED AS A SOURCE OF FINANCING.

TRANSFER AUTHORITY

- SECTION 734 OF THE 1980 DOD APPROPRIATION ACT PROVIDES A GENERAL AUTHORITY FOR TRANSFERS, NOT TO EXCEED \$750 MILLION DURING FY 1980 BETWEEN APPROPRIATIONS OR FUNDS AVAILABLE TO DOD FOR MILITARY FUNCTIONS (EXCEPT MILITARY CONSTRUCTION). DOD HAS REQUESTED THAT CONGRESS INCREASE THIS LIMITATION.
- AUTHORITY TO TRANSFER MAY NOT BE USED UNLESS FOR HIGHER PRIORITY ITEMS BASED ON UNFORESEEN MILITARY REQUIREMENTS.
- REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE THAT SUCH ACTION IS IN THE NATIONAL INTEREST AND APPROVAL BY OMB.
- PROVIDES THAT THE SECRETARY OF DEFENSE SHALL NOTIFY CONGRESS PROMPTLY OF ALL TRANSFERS.
- THE USE OF THIS AUTHORITY IS ALSO SUBJECT TO THE PRIOR APPROVAL OF THE APPROPRIATIONS COMMITTEES UNDER THE REPROGRAMMING PROCEDURES.

FOREIGN CURRENCY FLUCTUATION

Example of Use

THE EXCHANGE RATE FOR THE DEUTSCHEMARK USED TO COMPUTE THE FY 1980 FINANCING REQUIREMENTS FOR THE APPROVED PROGRAM IN GERMANY WAS \$2.24. THE JANUARY 1980 EXCHANGE RATE WAS DOWN TO \$1.71. THE FOREIGN CURRENCY FLUCTUATION ACCOUNT WOULD BE USED TO PROVIDE ADDITIONAL DOLLARS TO BUY THE SAME PROGRAM AT THE NEW RATE.

CONVERSELY, THE EXCHANGE RATE FOR THE LIRA USED TO COMPUTE THE FY 1980 FINANCING REQUIREMENTS FOR THE APPROVED PROGRAM IN TURKEY WAS \$17.67. THE JANUARY 1980 RATE WAS UP TO \$70.00. IN THIS CASE, ACCORDING TO LAW, THE ADDITIONAL FUNDS GENERATED BY THE HIGHER RATE CANNOT BE USED IN TURKEY TO BUY ADDITIONAL PROGRAM, BUT MUST BE RETURNED TO THE FOREIGN CURRENCY FLUCTUATION ACCOUNT.

FOREIGN CURRENCY FLUCTUATION

- FUNDS ARE APPROPRIATED TO THE FOREIGN CURRENCY FLUCTUATION, DEFENSE, ACCOUNT FOR TRANSFER TO MILITARY PERSONNEL AND OPERATION AND MAINTENANCE APPROPRIATIONS (AVAILABLE FOR DEFENSE ACTIVITIES IN FOREIGN COUNTRIES) TO FINANCE INCREASED OBLIGATIONS DUE TO DOWNWARD FLUCTUATIONS IN THE CURRENCY EXCHANGE RATES (FROM THOSE USED IN BUDGET PREPARATION).
- FUNDS MUST BE TRANSFERRED INTO THIS ACCOUNT WHEN UPWARD FLUCTUATIONS IN CURRENCY EXCHANGE RATES RESULT IN SUBSTANTIAL NET GAINS IN THE MILITARY PERSONNEL AND OPERATION AND MAINTENANCE APPROPRIATIONS
- THE INTENT IS BOTH TO SHIELD OPERATING PROGRAMS FROM SIGNIFICANT LOSSES AND TO RECOUP SIGNIFICANT GAINS TO PREVENT WINDFALL INCREASES BEING USED TO FINANCE WHAT MIGHT BE LOW PRIORITY PROGRAMS, OR PROGRAMS WHICH WERE NOT REVIEWED AND APPROVED BY THE CONGRESS.
- THE SECRETARY OF DEFENSE HAS AUTHORITY TO APPROVE THESE TRANSFERS. AN ANNUAL REPORT TO THE CONGRESS ON ALL TRANSFERS MADE TO OR FROM THIS APPROPRIATION IS REQUIRED.

EMERGENCIES AND EXTRAORDINARY EXPENSES LIMITATION

Example of Use

IN ADDITION TO SUPPORTING PROGRAMED
AND TARGET OF OPPORTUNITY INTELLIGENCE
EFFORTS, THIS LIMITATION ALSO COVERS
REPRESENTATION ALLOWANCES.

EMERGENCIES AND EXTRAORDINARY EXPENSES

- **WITHIN THE OPERATION AND MAINTENANCE APPROPRIATION FOR THE DEFENSE AGENCIES, AND FOR EACH OF THE MILITARY DEPARTMENTS, AN AMOUNT IS SPECIFIED FOR EMERGENCIES AND EXTRAORDINARY EXPENSES. (LESS THAN \$5 MILLION ANNUALLY PER COMPONENT).**
- **THESE FUNDS ARE USED FOR COVERT PURPOSES AND FOR EXPENSES NOT OTHERWISE AUTHORIZED TO BE PAID FROM DEFENSE APPROPRIATIONS. THEY MAY BE USED ON THE APPROVAL OF THE SECRETARY OF THE RESPECTIVE MILITARY DEPARTMENT, OR THE SECRETARY OF DEFENSE IN THE CASE OF THE DEFENSE AGENCIES APPROPRIATION. THE APPROPRIATE SECRETARY MUST CERTIFY THAT THE USE OF THE MONEY IS NECESSARY FOR CONFIDENTIAL MILITARY PURPOSES.**
- **LEGISLATION REQUIRES THE SECRETARY OF DEFENSE TO SUBMIT A REPORT OF EXPENDITURES UNDER THESE LIMITATIONS ON A QUARTERLY BASIS TO THE COMMITTEES ON ARMED SERVICES AND APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES.**

SECTION 3732 DEFICIENCY AUTHORITY

Most Recent Example of Use

THIS AUTHORITY GENERALLY REFERRED TO AS THE "FEED AND FORAGE ACT" WAS INVOKED IN FISCAL YEAR 1980 IN THE OPERATION AND MAINTENANCE ACCOUNTS. ITS USAGE PROVIDED FOR ADDITIONAL FUEL AND TRANSPORTATION COSTS DUE TO UNANTICIPATED FUEL PRICE INCREASES.

SECTION 3732 DEFICIENCY AUTHORITY

- UNDER SECTION 3732 OF THE REVISED STATUTES (41 USC 11), THE DEPARTMENT OF DEFENSE HAS LIMITED AUTHORITY TO ENTER INTO OBLIGATIONS ON A DEFICIENCY BASIS.
- ITS APPLICATION IS LIMITED TO THE NECESSITIES OF THE CURRENT YEAR UNDER CIRCUMSTANCES IN WHICH APPROPRIATIONS FOR CLOTHING, SUBSISTENCE, FORAGE, FUEL, QUARTERS, TRANSPORTATION, OR MEDICAL AND HOSPITAL SUPPLIES ARE EXHAUSTED.
- APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION TO THE CONGRESS IS REQUIRED.
- WHEN THE FULL EXTENT OF THE DEFICIENCIES ARE KNOWN, A REQUEST MUST BE SUBMITTED TO THE CONGRESS FOR FUNDS TO COVER SUCH DEFICIENCIES.
- THIS STATUTE WAS USED AT THE TIME OF THE BERLIN AND CUBAN CRISES. IT WAS USED IN FY 1980 TO COVER INCREASED FUEL AND RELATED TRANSPORTATION COSTS.
- THERE HAVE BEEN A NUMBER OF RECENT ATTEMPTS WITHIN THE CONGRESS TO REPEAL THIS STATUTE.

WORKING CAPITAL FUNDS TRANSFER AUTHORITY

Example of Use

UNDER THE PROVISIONS OF THIS AUTHORITY, DURING FY 1980, CASH BALANCES OF \$13 MILLION IN THE DEFENSE STOCK FUND AND \$48 MILLION IN THE ARMY STOCK FUND WERE TRANSFERRED TO THE NAVY AND AIR FORCE STOCK FUNDS TO PROCURE WAR RESERVES.

WORKING CAPITAL FUNDS TRANSFER AUTHORITY

- **SECTION 736 OF THE 1980 DOD APPROPRIATION ACT AUTHORIZES THE TRANSFER OF CASH BALANCES BETWEEN WORKING CAPITAL FUNDS OF THE DEPARTMENT OF DEFENSE (STOCK FUNDS AND INDUSTRIAL FUNDS).**
- **USE OF THIS AUTHORITY REQUIRES APPROVAL BY THE SECRETARY OF DEFENSE AND OMB.**

PERMANENT AUTHORITY

UNFUNDED CONTRACT AUTHORITY

Example of Use

ON A RECURRING BASIS UNFUNDED CONTRACT AUTHORITY IS USED IN THE STOCK FUNDS TO MAINTAIN REQUIRED LEVELS OF INVENTORY BY OBLIGATING CONTRACTS/PURCHASE ORDERS IN SUCH AMOUNTS TO ACCOMMODATE PROCUREMENT AND ADMINISTRATIVE LEAD TIMES, RISING INFLATION, AND OTHER STOCKAGE REQUIREMENTS TO SATISFY CUSTOMER ORDERS IN A TIMELY MANNER.

THE OUTSTANDING VALUE OF UNFUNDED CONTRACT AUTHORITY AT THE END OF FY 1979 WAS \$4 BILLION.

PERMANENT AUTHORITY

UNFUNDED CONTRACT AUTHORITY

- U.S. CODE TITLE 10, 2210 (b) PROVIDES THAT "OBLIGATIONS MAY, WITHOUT REGARD TO FISCAL YEAR LIMITATIONS, BE INCURRED AGAINST ANTICIPATED REIMBURSEMENTS TO STOCK FUNDS IN SUCH AMOUNTS AND FOR SUCH PERIODS AS THE SECRETARY OF DEFENSE, WITH THE APPROVAL OF THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, MAY DETERMINE TO BE NECESSARY TO MAINTAIN STOCK LEVELS CONSISTENTLY WITH PLANNED OPERATIONS FOR THE NEXT FISCAL YEAR."
- UNFUNDED CONTRACT AUTHORITY OBLIGATIONS ARE LIQUIDATED BY REIMBURSEMENTS FROM CUSTOMER ORDERS.

FUNCTIONAL TRANSFERS

Example of Use

IN APRIL, 1979 THE FEDERAL COBOL COMPILER TEST SERVICE WAS TRANSFERRED FROM THE DEPARTMENT OF THE NAVY TO THE GENERAL SERVICES ADMINISTRATION (GSA). \$149,000 WAS TRANSFERRED FROM THE OPERATION AND MAINTENANCE, NAVY, ACCOUNT, TO GSA TO SUPPORT THIS FUNCTIONAL TRANSFER.

FUNCTIONAL TRANSFERS

- **UNDER 10 USC 126, AUTHORITY EXISTS TO TRANSFER FUNDS FROM ONE APPROPRIATION ACCOUNT TO ANOTHER IN CONNECTION WITH THE TRANSFER OF RESPONSIBILITIES FROM ONE ORGANIZATION TO ANOTHER.**
- **THIS AUTHORITY HAS BEEN USED IN THE CASE OF REORGANIZATION ACTIONS.**
- **SUCH TRANSFERS ARE SUBJECT TO APPROVAL BY THE SECRETARY OF DEFENSE AND OMB.**

EMERGENCY MILITARY CONSTRUCTION

Example of Use

A RECENT USE OF THIS AUTHORITY WAS TO PROVIDE \$4,400,000 TO THE NAVY FOR DREDGING OF THE THAMES RIVER IN CONNECTICUT TO PROVIDE ADEQUATE CHANNEL DEPTH FOR TRANSIT OF THE FIRST TRIDENT SUBMARINE FROM ITS CONSTRUCTION SITE, ELECTRIC BOAT DIVISION OF GENERAL DYNAMICS CORPORATION, TO LONG ISLAND SOUND FOR SEA TRIALS.

EMERGENCY MILITARY CONSTRUCTION

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION ACT PROVIDES EACH OF THE MILITARY DEPARTMENTS WITH AUTHORITY OF \$20,000,000 TO PROCEED WITH CONSTRUCTION OF FACILITIES MADE NECESSARY BY CHANGES IN MISSIONS AND RESPONSIBILITIES WHICH HAVE BEEN OCCASIONED BY (1) UNFORSEEN SECURITY CONSIDERATIONS, (2) NEW WEAPONS DEVELOPMENTS, (3) NEW AND UNFORESEEN RESEARCH AND DEVELOPMENT REQUIREMENTS, (4) IMPROVED PRODUCTION SCHEDULES, OR (5) REVISIONS IN THE TASKS OR FUNCTIONS ASSIGNED TO A MILITARY INSTALLATION OR FACILITY OR FOR ENVIRONMENTAL CONSIDERATIONS.
- USE OF THIS AUTHORITY REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE THAT DEFERRAL OF SUCH CONSTRUCTION FOR INCLUSION IN THE NEXT MILITARY CONSTRUCTION AUTHORIZATION ACT WOULD BE INCONSISTENT WITH INTERESTS OF NATIONAL SECURITY. ALSO, THE SECRETARY INVOLVED IS REQUIRED TO NOTIFY THE CONGRESSIONAL ARMED SERVICES COMMITTEES.
- FUNDS TO FINANCE SUCH CONSTRUCTION MUST BE REPROGRAMED, WITH THE CONCURRENCE OF THE COMMITTEES ON APPROPRIATIONS, FROM SAVINGS OR FROM LESSER PRIORITY MILITARY CONSTRUCTION PROJECTS.

MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS

Example of Use

RECENTLY, UNDER THIS AUTHORITY, \$8.6 MILLION WAS APPROVED FOR CONSTRUCTION OF FACILITIES AT DIEGO GARCIA TO SUPPORT THE INCREASED TEMPO OF OPERATIONS IN THE INDIAN OCEAN.

MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION AND APPROPRIATION ACTS CONTAIN AUTHORITY WHICH PERMITS THE TRANSFER OF FUNDS FROM THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION TO OTHER APPROPRIATIONS OF THE DEPARTMENT OF DEFENSE WHICH ARE AVAILABLE FOR MILITARY CONSTRUCTION. THE PROJECTS TO BE FINANCED MUST BE DETERMINED TO BE VITAL TO THE SECURITY OF THE UNITED STATES.
- IN FY 1981, \$30 MILLION HAS BEEN PROGRAMED UNDER THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION TO PROVIDE FINANCING FOR THIS AUTHORITY.
- USE OF THIS AUTHORITY REQUIRES APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION OF THE COMMITTEES ON ARMED SERVICES OF BOTH THE HOUSE AND SENATE. COMMENCING WITH THE FY 1980 MILITARY CONSTRUCTION APPROPRIATIONS ACT, THE HOUSE APPROPRIATIONS COMMITTEE HAS MADE THE UTILIZATION OF CONTINGENCY FUNDS SUBJECT TO PRIOR APPROVAL REPROGRAMING.

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH

Example of Use

FUNDS FOR MISSILES AND RELATED EQUIPMENT IN THE RDT&E, DEFENSE AGENCIES APPROPRIATION WERE TRANSFERRED TO RDT&E, ARMY FOR BALLISTIC MISSILE DEFENSE (DEFENDER).

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH

- THE ANNUAL DOD APPROPRIATION ACT PROVIDES AUTHORITY TO TRANSFER FUNDS BETWEEN THE RDT&E, DEFENSE AGENCIES APPROPRIATION AND OTHER APPROPRIATIONS FOR PROGRAMS RELATED TO ADVANCED RESEARCH
- THIS AUTHORITY IS INTENDED TO APPLY TO PROGRAMS MONITORED BY THE DEFENSE ADVANCED RESEARCH PROJECTS AGENCY
- USE OF THE AUTHORITY REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE
- THERE HAS BEEN NO USE OF THE AUTHORITY IN RECENT YEARS

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES CONSTRUCTION

EXAMPLE OF USE

THIS AUTHORITY WAS USED FOR CONSTRUCTION ON KWAJALEIN ISLAND IN SUPPORT OF THE BALLISTIC MISSILE RANGE TO PROVIDE A CAPABILITY FOR TESTING BALLISTIC MISSILE WARHEADS AND DECOY BODIES AT GREAT DISTANCES. THE TRANSFER WAS TO MILITARY CONSTRUCTION FROM RDT&E (ARPA) BY DECREASING OTHER LOWER PRIORITY ADVANCED RESEARCH PROJECTS.

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES CONSTRUCTION

- PUBLIC LAW 89-188 AUTHORIZED THE SECRETARY OF DEFENSE TO CONSTRUCT FACILITIES REQUIRED FOR ADVANCE RESEARCH PROJECTS NOT TO EXCEED A CUMULATIVE COST OF \$20 MILLION. TO DATE, \$8 MILLION OF THIS AUTHORITY HAS BEEN USED AND \$12 MILLION REMAINS AVAILABLE.
- THE FUNDS REQUIRED TO FINANCE THIS AUTHORITY ARE BUDGETED FOR, ALONG WITH OTHER ADVANCE RESEARCH FUNDS, UNDER THE RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE AGENCIES APPROPRIATION. UPON APPROVAL TO CONSTRUCT AN ADVANCE RESEARCH FACILITY, THE NECESSARY FUNDS ARE TRANSFERRED TO THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION.
- THIS TRANSFER AUTHORITY IS RESTATED ON AN ANNUAL BASIS IN THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION LANGUAGE. THERE IS NO REQUIREMENT TO NOTIFY CONGRESS OF ITS USE.

CONSTRUCTION PROJECTS COST VARIATIONS

Example of Use

RECENTLY, IT WAS NECESSARY TO USE THIS AUTHORITY TO ACCOMMODATE A 54% INCREASE (FROM \$118,200,000 TO \$181,900,000) IN THE COST OF THE SPACE TRANSPORTATION SYSTEM (STS) LAUNCH COMPLEX AT VANDENBERG AIR FORCE BASE, CALIFORNIA.

CONSTRUCTION PROJECTS COST VARIATIONS

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION ACT PROVIDES THAT THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES MAY INCREASE STATION AUTHORIZED TOTALS FOR CONSTRUCTION BY 5% IN CONUS AND 10% FOR OUTSIDE THE UNITED STATES. IF ONLY ONE PROJECT (FACILITY) IS AUTHORIZED FOR A STATION, AN INCREASE OF 25% MAY BE APPROVED. SUCH INCREASES ARE PERMITTED ONLY WHEN (1) THEY ARE REQUIRED FOR THE SOLE PURPOSE OF MEETING UNUSUAL VARIATIONS IN COST AND (2) THEY COULD NOT HAVE BEEN REASONABLY ANTICIPATED.
- INCREASES IN EXCESS OF THE ABOVE PERCENTAGES CAN BE INCURRED ONLY AFTER APPROVAL BY THE SECRETARY OF DEFENSE, NOTIFICATION OF THE COMMITTEES ON ARMED SERVICES OF THE SENATE AND HOUSE OF REPRESENTATIVES, AND EITHER (1) THIRTY DAYS HAVE ELAPSED FROM DATE OF NOTIFICATION, OR (2) BOTH COMMITTEES HAVE INDICATED APPROVAL.
- SUCH INCREASES ARE TO BE FUNDED FROM SAVINGS FROM OTHER CONSTRUCTION PROJECTS. FOR PROJECTS COSTING IN EXCESS OF \$500,000, COST INCREASES EXCEEDING 25% OR \$1,000,000, WHICHEVER IS LESSER, ARE SUBJECT TO PRIOR APPROVAL REPROGRAMMING BY THE COMMITTEES ON APPROPRIATIONS. IN NO EVENT MAY THE TOTAL AMOUNT AUTHORIZED FOR AN APPROPRIATION BE EXCEEDED BECAUSE OF COST VARIATIONS.

RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR DESTROYED

Example of Use

**RECENT USE OF THIS AUTHORITY WAS FOR
RESTORATION OF A TITAN II MISSILE
COMPLEX AT MCCONNELL AFB, KANSAS,
WHICH WAS DAMAGED AND RENDERED
INOPERATIVE BY A MASSIVE OXIDIZER
SPILL.**

RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR DESTROYED

- **10 U.S.C. 2673 PROVIDES AUTHORITY FOR THE MILITARY DEPARTMENTS TO RESTORE OR REPLACE FACILITIES THAT HAVE BEEN DAMAGED OR DESTROYED BY FIRE, FLOODS, HURRICANES OR OTHER "ACTS OF GOD."**
- **THE LEGISLATION REQUIRES THAT EACH USE OF THIS AUTHORITY BE APPROVED BY THE SECRETARY OF DEFENSE, AND THAT THE COMMITTEES ON ARMED SERVICES OF THE SENATE AND HOUSE OF REPRESENTATIVES BE NOTIFIED.**
- **FUNDS TO FINANCE SUCH CONSTRUCTION MUST BE REPROGRAMED FROM SAVINGS OR FROM LOWER PRIORITY PROJECTS. SUCH REPROGRAMING REQUIRES THE PRIOR APPROVAL OF THE COMMITTEES ON APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES.**

MINOR CONSTRUCTION

Example of Use

IN MAY, 1980, THE DIRECTOR, DEFENSE MAPPING AGENCY, APPROVED A \$377,000 PROJECT FOR ALTERATION OF FACILITIES AT FORT SAM HOUSTON, TEXAS, TO ACCOMMODATE THE RELOCATION OF THE HEADQUARTERS, INTER-AMERICAN GEODETIC SURVEY, FROM THE PANAMA CANAL ZONE TO THE CONTINENTAL UNITED STATES.

MINOR CONSTRUCTION

- **AUTHORITY IS PROVIDED BY 10 U.S.C. 2674 TO CONSTRUCT FACILITIES COSTING \$500,000 OR LESS WHICH ARE NOT OTHERWISE AUTHORIZED BY LAW**
- **APPROPRIATIONS AVAILABLE FOR MILITARY CONSTRUCTION MAY BE USED FOR SUCH CONSTRUCTION, GENERALLY REFERRED TO AS "MINOR CONSTRUCTION". IN ADDITION, FUNDS AVAILABLE FROM APPROPRIATIONS FOR OPERATION AND MAINTENANCE MAY BE USED FOR ANY PROJECT COSTING NOT MORE THAN \$100,000.**
- **THE LEGISLATION REQUIRES THAT PROJECTS COSTING \$300,000 OR MORE BE APPROVED BY THE SECRETARY OF THE MILITARY DEPARTMENT OR DIRECTOR OF DEFENSE AGENCY CONCERNED AND, FURTHER, THAT PROJECTS COSTING \$400,000 OR MORE BE APPROVED BY THE SECRETARY OF DEFENSE.**
- **AN ANNUAL DETAILED REPORT IS REQUIRED TO BE SUBMITTED TO THE COMMITTEES ON ARMED SERVICES AND APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES ON THE USE MADE OF THIS AUTHORITY. IN ADDITION, THESE COMMITTEES MUST BE NOTIFIED IN WRITING AT LEAST 30 DAYS BEFORE ANY FUNDS ARE OBLIGATED AGAINST ANY PROJECT COSTING MORE THAN \$300,000.**

BACKGROUND PAPERS

THIS SECTION CONTAINS A NUMBER OF BACKGROUND PAPERS AND FACT SHEETS ON SUBJECTS OF PARTICULAR INTEREST. INCLUDED ARE:

1. Impact of Executive Order 12036 (National Foreign Intelligence Program) on PPBS
2. Financing of procurement - full funding
3. Aircraft procurement, advance procurement
4. Exemption of DoD Appropriations from apportionment
5. Apportionment on a Deficiency Basis
6. General Transfer Authority
7. Section 3732 Authority
8. Reprograming of Appropriated Funds
9. Military Construction Appropriations Legislation and Administration
10. Unbudgeted Inflation in Stock Fund Prices
11. Budgeting for Inflation in Operation and Maintenance Appropriations
12. Civilian Personnel Ceilings
13. Restraints/Limitations Imposed by the Congress
14. Authorizing of O&M Appropriations

BACKGROUND PAPER

Topic: Impact of Executive Order 12036 (National Foreign Intelligence Program) on DOD PPBS

Discussion:

o E.O. 12036 of January, 1978 prescribes "full and exclusive" authority for the Director of Central Intelligence (DCI) over National Foreign Intelligence Program (NFIP) resource levels. The DCI manages NFIP formulation through the Intelligence Community (IC) Staff.

o The Defense Intelligence Program constitutes the bulk of the NFIP. Resources for it are programed in approximately 32 DOD program elements and budgeted in a variety of DOD appropriations involving OSD, the Military Departments, DIA and NSA.

o Annually each Spring, the President approves an explicit fiscal ceiling for the NFIP, to be accommodated within fiscal guidance levels prescribed for the agencies whose budgets will include NFIP resources. Changes in NFIP fiscal guidance levels, unless accompanied by parallel changes in fiscal guidance levels for DOD, can cause increases or decreases in allowances for non-Intelligence DOD programs, but not vice versa. Similarly, approved resource levels for the Defense portion of the NFIP may be changed by DCI decisions during the subsequent program and budget reviews, or by Presidential decisions made later, before the budget is finalized. Normally, these fluctuations are not accompanied by changes to overall DOD allowance levels, and must be accommodated by changing non-Intelligence program levels.

o To preserve the "full and exclusive" authority of the DCI over NFIP resources, we fence the Defense Intelligence Program during the DOD PPB cycle. DCI program decisions are reflected in the SECDEF Program Decision Memoranda or Amended Program Decision Memoranda, often in separate Intelligence issuances. DCI budget decisions are recorded in standard Decision Package Sets, whereby the SECDEF approves the inclusion in the DOD budget of Defense Intelligence Program resources approved by the DCI.

o The IC Staff program/budget review process is similar to ours. OMB, the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence), and this office participate in it. During the Fall, joint hearings are held, followed by formulation of budget issues for DCI consideration.

o The Secretary of Defense has the right, under terms of E.O. 12036, to appeal DCI budget decisions to the President, should he feel that DOD interests are adversely impacted.

o Separate NFIP Congressional Justification Books are prepared by the program managers under IC Staff direction. The DCI takes the lead in justification of NFIP requests to the Congress, including appeals on Congressional action. NFIP budget proposals are reviewed by the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence, which initiate authorizing legislation, and the House and Senate Appropriations Committees. For items covered by 10 U.S.C. 138, the Armed Services Committees include NFIP fiscal and manpower resources in their authorizing legislation also.

o Under E.O. 12036, the Secretary of Defense has day-to-day management responsibility (including financial management) for the Defense Intelligence Program. Resource realignments must, however, be approved by the DCI.

Summary: E.O. 12036 has created the unusual situation wherein another party, the DCI, controls resource level determinations for a significant portion of the Defense program.

June 11, 1980
Directorate for Construction

FINANCING OF PROCUREMENT PROGRAMS

Department of Defense procurement programs are presented and financed on a full funded basis consistent with the expressed wishes of the Congress.

The concept of full funding was initially applied to Navy shipbuilding authorized by the act of March 10, 1951 (65 Stat. 4). Prior to enactment of the act, the Navy shipbuilding program operated under contract authorizations with funds appropriated in annual increments as estimated to be required for contract expenditures during the budget year. After the passage of the act, the Congress appropriated funds for the entire cost of the Navy shipbuilding programs.

This principle has been applied to all procurement programs since that time.

In a letter dated May 15, 1957, to the Secretary of Defense, Congressman Mahon, as Chairman of the Department of Defense Subcommittee, House Committee on Appropriations, stated, in part, that:

"The general prevailing practice of this Committee is to provide funds at the outset for the total estimated cost of a given item so that the Congress and the public can clearly see and have a complete knowledge of the full dimensions and cost of any item or program when it is first presented for an appropriation.

"During the course of these hearings, the Committee has learned that one or more contracts have been executed for materiel on a partially funded basis with the apparent expectation of completing the financing by ultimately fully obligating the transactions with succeeding years appropriations."

* * * * *

"It is recommended that all necessary action be taken to prevent such practice in the future and to insure that procurement funds are administered so as to accomplish the full program for which the appropriation was justified."

On May 21, 1957, the Secretary of Defense issued DOD Directive 7200.4 which stated the concept of full funding.

300

Financing of Procurement Programs (Continued)

Application of the full funding concept has been monitored closely by Congress over the years. In 1968, Congress requested the General Accounting Office to conduct a review to determine whether DOD was complying fully with the policy. A favorable report was issued by GAO in February 1969 and DOD Directive 7200.4 was updated and strengthened on October 30, 1969. The HAC report (93-662, Pg 147) on the 1974 Budget request re-emphasized the importance of the full funding principle. The Department of Defense strongly supports this Congressional policy of full funding and believes that the one time savings in New Obligational Authority would not compensate for the disadvantages inherent in incremental funding of procurement appropriations.

Specific disadvantages are:

- . Loss of visibility and controls built into present program year full funding.
- . Potential for disruption of scheduled and approved program execution if projected timing of obligations vary.
- . Commits future Congresses to finance the balance of incremental starts, thereby reducing Congressional impact on annual budgets.
- . Invalidates present reprogramming procedures and arrangements, which are built on principle of full funding.
- . Would require significant funding of contingent liability termination costs not required under a full funding system.
- . Would create serious uncertainties for contractors, since total programs would not be funded at time of authorization and appropriations. They would be bidding on partial programs.
- . Would increase difficulty of administering programs under Continuing Resolution Authority (CRA) in view of varying obligation patterns and changing program requirements.
- . Would create serious problems with contractors responsible for weapons system integration, since funding would be out of phase with responsibilities.
- . Production planning would be seriously disrupted.

Financing of Procurement Programs (Continued)

. Would increase number of line items by the number of program years for which funding is required (varying between 3 to 5 years), thereby greatly increasing number of line items Congress would have to address. This would also result in loss of program year integrity which exists under the present full funding system.

. In view of recent Congressional action terminating continuing appropriations in favor of multiple year accounts, most procurement items would be financed in three separate and distinct appropriations - 5 in the case of ship programs. This could require a complete revamping of government and industry accounting systems.

. The total effect would be to completely restructure the budget and financial management system within the DOD and throughout Defense industry. This would lead to the same unmanageable situation that existed prior to 1957. Congressional control over programs would be decreased. Defense program management would be greatly complicated - returning to a situation which was corrected by Congressional direction 23 years ago.

FACT SHEET

Aircraft Procurement, Advance Procurement

- o Service current and proposed budgeting practices for Aircraft Advance Procurement items are inconsistent with DoD Directive 7200.4 Full Funding of DoD Procurement Programs.
- o DoD 7200.4 states "... permit the procurement of long leadtime components (underlining added) in advance of the fiscal year in which the related end item (aircraft) is to be procured ... It is important that proposals for advance procurement be made on a selective basis with consideration of the applicability of the components as spares in the event that the prospective program fails to materialize."
- o At one time services were consistent with the directive.
- o Increasing leadtimes in early 70's have caused the services to deviate from the Full Funding Policy (increases from 18 months to 30 and 40 months).

- o Air Force: All advance procurement for A-10, F-16, F-15, E-3A is funded at Termination Liability levels with the exception of some GFE (Government Furnished Equipment).
- o Navy: Same as Air Force for all major programs.
- o Army: Advance Procurement is fully funded (components) in FY 1981 budget, but Army is proposing in POM 1982 to fund UH-60 advance procurement on the basis of termination liability.
- o Navy and Air Force Aircraft DPS (FY 1981 budget cycle) directed services to full fund advance procurement in POM 82.
- o Recent Air Force and Navy correspondence request relief from that direction due to the funding that would have to be diverted to fully fund advance procurement and the resultant major impact on on-going programs.
- o Congress provided advance procurement funds for the F-18 in the FY 1980 budget (termination liability) and recommended services budget in this fashion (Armed Services Conference Committee Report).
- o Costs to Fully Fund Advance Procurement: During the FY 1981 budget cycle Air Force estimated the additional cost to fully fund advance procurement at over \$770 million. Navy indicated it would be over a billion.

ALTERNATIVES:

A. Direct Services to Full Fund Advance Procurement.

Pros: Consistent with existing directives.

Cons: Unless significant TOA increases are granted, this alternative will require services to reduce aircraft quantities to full fund advance procurement thereby stretching out programs and increasing costs and will require reduction of other mod, spares or support programs.

- B. Direct Services to Fully Fund Advance Procurement for those items that are otherwise useable as spares if procured at the component level and to budget for Air Frame Structure long lead at the termination liability level since structure is not useable as spares. This would require revision of 7200.4.

Pros: Would result in a directive that is similar to the current directive but one that recognized unique aircraft procurement problems and related full funding at the component level to only those components otherwise useable as spares if program cancelled. Would also result in funding requirements of a lesser magnitude (20 to 40 percent) than full funding with less disruption.

Cons: Would still require some disruption and would result in significantly greater administrative and contract effort to determine what components are required and to write and negotiate such contracts.

- C. Allow Aircraft Advance Procurement on a total termination liability basis. Requires revision of 7200.4.

Pros: Minimizes program disruption, consistent with recent congressional direction, recognizes unique problems with aircraft advance procurement.

Cons: Opens door for all other procurement programs to fund in this fashion which could have serious implications in monitoring and controlling ship procurement costs if Navy subsequently pressed for funding of ship advance procurement at the termination liability level.

FACT SHEET

Exemption of Department of Defense Appropriations from Apportionment

DEFINITION

Section 714(A) of the FY 1980 DoD Appropriations Act (and similar general provisions in earlier acts) provides that the President may exempt appropriations, funds, and contract authorizations from the provisions of subsection (c) of R.S. 3679. This exempts the accounts from apportionment controls. Invocation of this provision does not permit obligation in excess of available resources but does permit obligations to be incurred at an increased rate.

MOST RECENT USE

The last time this authority was invoked was for the Army, Navy, and Air Force O&M accounts on February 27, 1980, by President Carter for increased fuel and stock fund costs.

HOW INVOKED

- The Secretary of Defense requests OMB to request the President to exempt specific appropriations from apportionment.
- OMB forwards the request to the President who determines that the specific appropriations are exempt.
- The Secretary of Defense notifies the Congress that the authority has been exercised.
- The DoD Components involved are advised of the exemption and any related reporting requirements.
- Internal DoD fund release documents are adjusted to reflect the exemption from apportionment.

OASD(C)P&FC
June 13, 1980

FACT SHEET

Apportionment on a Deficiency Basis

DEFINITION/BACKGROUND

In certain instances, the law (Anti-Deficiency Act) permits requests to anticipate the need for supplemental budget authority. Generally, the permissions are based on laws enacted subsequent to the basic act that require expenditures beyond administrative control; emergencies involving safety of human life, property, or human welfare; and pay increases granted to wage-board employees. Provision is also made to apportion on a deficiency basis where other laws may be enacted that authorize apportionments that anticipate the need for supplemental estimates of appropriation (e.g. a continuing resolution that authorizes deficiency apportionments necessitated by civilian and military pay increases). This latter category is used annually in DoD accounts which are impacted by pay. Further explanations of the other categories can be found in Section 43.2 of OMB Circular A-34.

HOW INVOKED

- Upon advancement of the fall budget review to the point where it is known which accounts will require a pay supplemental, a memo to the Secretary of Defense is prepared requesting his determination that apportionment on a deficiency basis is necessary. Retired pay increases based on the CPI also qualify.
- The Services submit reapportionment requests to align the accounts with the current year column of the budget. The DD 1105's contain a prescribed footnote that "This apportionment request indicates a necessity for a supplemental appropriation now estimated at \$xx,xxx,xxx." A copy of the Secretary's determination is attached to each DD 1105 and the original is provided to OMB (no transmittal).
- The amount in the footnote must be in exact agreement with the President's Budget Request.
- OMB approves the request, including a similar footnote, and usually adjusts the amount of the pay raise from the 4th Quarter obligation phasing.

OASD(C)P&FC
June 13, 1980

FACT SHEET

General Transfers

DEFINITION/BACKGROUND

Program execution and unforeseen military requirements leading to a need for additional resources in excess of those available within an appropriation account can be financed by reducing or eliminating lower priority programs in other accounts and transferring the funds.

General transfer authority authorizing the Secretary of Defense to transfer up to a statutory amount of working funds or funds made available by appropriation to the DoD for Military functions (except Military Construction) between appropriations, funds or any subdivision was included in the FY 1971 DoD Appropriation Act. Transfer authority had previously been available under provisions of the Emergency Fund, Defense.

UTILIZATION

- The use of general transfer authority by the Department of Defense requires a determination by the Secretary of Defense that such action is necessary in the national interest and requires approval by the Office of Management and Budget. Transfers must be made to higher priority items but in no case to items for which funds have been denied by Congress.
- The reduction or elimination of programs to generate resources for transfer and the increase in or initiation of programs must be approved by applicable Congressional Committees on reprogramming requests prior to the actual transfer of resources.
- The amount of transfer authority is established annually in the DoD Appropriation Act and expires at the end of the fiscal year.
- Amounts of transfer authority available and amounts used.

	\$ Millions	
	<u>Available</u>	<u>Used</u>
FY 1972	750	694
FY 1973	750	672
FY 1974	625	65
FY 1975	750	533
FY 1976	750	167
FY 1977	750	230
FY 1978	750	688
FY 1979	750	383
FY 1980	750	

OASD(C)P&FC
June 13, 1980

FACT SHEET

Section 3732, Revised Statutes

AUTHORITY

Title 41, United States Code, Section 11, as amended.
Appropriation Bills each fiscal year often expand upon the Code.

DEFINITION

Section 3732, Revised Statutes, authorizes military departments to incur obligations in excess of available appropriations in procuring or furnishing clothing, subsistence, forage, fuel, quarters, transportation, or medical and hospital supplies not to exceed the necessities of the current fiscal year (DoDD 7220.8, August 16, 1956).

HISTORY OF USE

The Department of Defense has invoked the authority in seven fiscal years since 1960:

<u>FY</u>	<u>Circumstance Requiring Use</u>
1962	Berlin Airlift
1966	Southeast Asia
1967	Pending enactment of Supplemental Appropriations
1968	Pending enactment of Supplemental Appropriations
1969	Pending enactment of Supplemental Appropriations
1972	Southeast Asia
1978	Pending enactment of Supplemental Appropriations

HOW INVOKED

- Memorandum from Military Department to the Secretary of Defense
- "Recognition of the need" from the Secretary of Defense to the Secretary of the Military Department
- Immediate notification to the Speaker of the House and President of the Senate
- Concurrently advise OMB

REPORTING

Estimated obligations incurred pursuant to the subject authority are required to be reported quarterly to the Congress.

FACT SHEET

Reprogramming of Appropriated Funds

DoD Directive 7250.5, January 9, 1980, states the DoD reprogramming policies relating to the appropriation accounts covered by the DoD Appropriations Act.

DoD Instruction 7250.10, January 10, 1980, implements the policies of DoDD 7250.5 and reflects recognition by the Congress of the practice of reprogramming DoD funds covered in the DoD Appropriation Acts as a necessary, desirable, and timely device for achieving flexibility in the execution of Defense programs.

1. History

Reprogramming procedures have been in effect to some extent since the early 1960s but, in consultation with the congressional committees, have been formalized, refined and modified to meet changing needs. Both DoDD 7250.5 and DoDI 7250.10 were revised in January 1980, (previous revision was in January 1975). These policies are based on long-standing agreements between DoD and the Congressional Armed Services and Appropriations Committees.

2. Provisions

a. Actions Requiring Prior Approval of Congressional Committees: Reprogramming actions involving the application of funds, regardless of amount, which:

(1) Increases the procurement quantity of an individual aircraft, missile, naval vessel, tracked combat vehicle, and other weapon or torpedo and related support equipment for which funds are authorized under 10 USC 138.

(2) Affects an item that is known to be or has been designated as a matter of special interest to one or more of the congressional committees.

(3) Involves the use of general transfer authority.

b. Actions Requiring Notification to Congressional Committees: Actions involving changes in the application of funds in significant amounts (thresholds) as agreed upon with the committees and outlined in DoDI 7250.10, as follows:

Military Personnel and
Operations & Maintenance

An increase of \$5 million or more in a budget activity.

Procurement

An increase of \$5 million or more in a procurement line item, or the addition to the procurement line item data base of a procurement line item of \$2 million or more.

RD&E

An increase of \$2 million or more in any program element, including the addition of a new program of \$2 million or more, or the addition of a new program the cost of which is estimated to be \$10 million or more within a 3-year period.

c. Actions Internal to DoD: These actions are audit-trail type actions processed within DoD when not otherwise constrained by law or other provisions within DoDI 7250.10, and include reclassification actions not involving any changes from the purposes justified in budget presentations to Congress. These actions are approved by the ASD(C).

3. Major Changes in Last Revision

a. Special Interest Items: Prior to FY 1980, when an item was reduced by congressional action, it was considered to be an item of "special interest" by the Congress and could not be increased without prior committee approval. The revision established the policy that noncontroversial dollar adjustments would no longer cause an item to be of "special interest".

b. Appeals to Committees on Reprogramming Decisions: Prior to the latest revision, there was no specified policy on how to appeal an adverse committee decision or how to amend a pending request. The revision established a policy that committee decisions may be appealed by the Secretary or Deputy Secretary of Defense, and that any DoD action on a reprogramming request taken after its submission to the committees is subject to the same review and approval procedures as the original action.

c. New Starts: Advance letter notification to the Appropriations Committees is required on all below-threshold new starts. These "new starts" are below-threshold reprogrammings for new programs or line items not otherwise requiring prior approval of, or notification action to, the committees. Previously, DoD could initiate these actions on its own authority and inform the committees later on a quarterly report. The Appropriations Committees directed that notification be made in advance. This is done by letter directly to the committees by the DoD component involved after advance coordination with OASD(C).

d. Source of Funds: Complete identification of the detail of the sources of funds on each reprogramming action is now required. Previously, DoD did not have to formally identify the individual programs which were being reduced or canceled when the funds came from another appropriation account. As a practical matter, the programs being decreased can be of equal, or sometimes greater, significance to the committees than the program or item being increased. This has become a rather significant point with the Authorization (Armed Services) Committees since, as a general trend, funds have been transferred from the procurement accounts to the operating accounts.

4. Some Current Issues

Proposed for inclusion in the latest DoDI 7250.10 were increases to the dollar thresholds which require notification action to the committees. These thresholds have not been revised in the past two decades. By increasing the thresholds, the number of reprogrammings submitted to the Committees could be reduced considerably. However, this proposal was not accepted by all of the committees. New thresholds proposed were:

Military Personnel and Operation and Maintenance	An increase of \$10 million or more.
---	--------------------------------------

Procurement

An increase of \$10 million or more in a procurement line item, or the addition of a new item of \$5 million or more.

RDT&E

An increase of \$5 million or more in any program element, or the addition of a new program element of \$5 million or more, or a new program element which is estimated to be \$25 million or more within a three-year period.

There were mixed reactions to the need for the increases within DoD. The Military Departments pressed strongly for the increases. Within OASD(C) were the following reactions:

- Procurement Directorate felt that the approved thresholds for Procurement were not overly restrictive since the majority of Procurement reprogramings far exceed the \$5 million threshold; therefore, a doubling would not benefit the Department.

- R&D Directorate strongly supported efforts to revise reprogramming thresholds since current thresholds do not keep pace with inflation.

- Military Personnel Directorate does not encounter significant problems at the \$5 million threshold at the budget activity level. Typically, increases and decreases within a budget activity can be netted against each other and, with application of pay supplementals, programs can be balanced without exceeding the budget activity thresholds.

- Operations Directorate indicated that the current O&M thresholds are satisfactory, and cautioned that any efforts to increase them could trigger committee imposition of line item controls in O&M.

5. Some "Open" Items

- In proposing the new thresholds, ASD(C) secured the agreement of SAC, HASC, and SASC to raise the thresholds to the new limits. HAC objected to the reprogramming process based on the "newness" of the Subcommittee Chairman. ASD(C) was invited to reintroduce the subject with Mr. Addabbo after the Chairman had a year of experience with the system. This year of experience, although not specifically identified, could be identified as FY 1980. This would provide a "window" for reintroducing the subject to HAC at the close of FY 1980.

- There are still problems attendant with clear-cut identification of "special interest" items. SAC and HASC presently show listings of such items in their committee reports. SASC has given us specific guidance on what to consider special interest items. This places the decision on DoD of identifying HAC special interest items, where, if we judge in error, can lead to criticism.

OASD(C)P&FC
June 13, 1980

BACKGROUND PAPER

Topic: Military Construction Appropriations Legislation and Administration

Discussion:

o The annual legislation for Military Construction programs is provided under authorization and appropriation acts which are separate and distinct from the acts providing legislation for the balance of Defense programs. There are currently thirteen separate construction appropriations covered under existing or proposed (FY 1981) legislation. A listing of these, with brief description, is included at the end of this background paper.

o Under current legislation, funds appropriated annually for military construction programs remain available for obligation for five years (including the fiscal year for which enacted). The two exceptions are the amounts appropriated annually for Family Housing operation and maintenance (one year life) and the Homeowners Assistance Fund (available until expended), discussed further in the attachment.

o The total FY 1981 request for military construction appropriations is \$5.4 billion.

o The lead review in Congress is undertaken by four Subcommittees chartered to focus on installations and facilities. These include two Subcommittees on Armed Services (House and Senate) and two on Appropriations (House and Senate). Their review is exhaustive, involving examination and hearings at the level of the individual construction project. Congressional mark-up is also at the level of the individual project.

o Rather broad flexibility is available to the Defense Department in the program execution phase, but under rather tight Congressional oversight which is imposed either in the form of prior Congressional notification and/or reprogramming procedures. Subject to these, we are provided authority to: (1) restore facilities damaged or destroyed through accident or natural disaster; (2) undertake (within certain limitations) urgent or emergency projects required in the interest of national security, and which cannot be delayed until the next budget cycle; (3) exceed the dollar amounts justified to Congress for individual construction projects, and (4) undertake, within lump sums provided annually, projects costing \$500,000 or less which are not otherwise authorized by law (generally referred to as "minor construction").

o In-house, program administration and execution follows the same level of review (project detail) imposed during the program and budget review leading to development of the President's budget. For military construction, the OMB apportionment process controls apportionment of funds at the level of the individual construction project. Under this system, each project is re-validated as to need prior to release of funds to the Defense component. Requirements to use unobligated balances remaining at the end of each fiscal year are monitored throughout the life of each appropriation.

Family Housing, Defense

o This appropriation finances the cost of construction of on-base housing for military families, leasing of off-base housing units, and the operation and maintenance of the total family housing inventory. This account is unique in that it is both an investment and operating account. Funds appropriated for the investment portion remain available for obligation for a period of five years, whereas funds appropriated for maintenance and operation remain available for obligation only until the end of the fiscal year of enactment. A third feature of this appropriation is that it provides annual amounts in excess of \$100 million for retirement of mortgage debt incurred in the 1950's when Defense purchased substantial interests in privately owned housing. The indebtedness is being retired as slowly as possible because of the extremely favorable interest rates (4-4 1/2%).

Homeowners Assistance Fund, Defense

o This program provides, in accordance with Public Law 89-754, assistance to military and civilian employee homeowners by reducing losses on resale values of their homes incurred as a result of the closure of military installations or reduction in the scope of operations at such installations.

Foreign Currency Fluctuation, Construction, Defense

o This appropriation was established in FY 1980 as a Congressional initiative with initial capitalization of \$125 million. The funds were made available for transfer only to military construction accounts to help compensate for loss in the purchasing power of dollars budgeted as a result of unfavorable fluctuation of the dollar relative to other currencies. All of the funds provided have been transferred to the regular construction accounts. No additional funds are being sought in the FY 1981 President's budget.

June 11, 1980
Directorate for Construction

Military Construction Appropriations

Active Forces:

Military Construction, Army
Military Construction, Navy
Military Construction, Air Force

o These appropriations finance facilities needed to support the active forces, including air, fleet and troop operations, training, equipment maintenance, bachelor housing, medical and dental services, research efforts, and community support such as clubs, theatres, post exchanges and the like.

Reserve Forces:

Military Construction, Army National Guard
Military Construction, Air National Guard
Military Construction, Army Reserve
Military Construction, Naval Reserve
Military Construction, Air Force Reserve

o These appropriations finance those facilities needed to support the training and readiness of the Guard and Reserve forces including armories, reserve centers and facilities for storage and maintenance of equipment.

Defense Level Accounts:

Military Construction, Defense Agencies

o This appropriation provides funds for construction of facilities for the Defense Agencies, which provide common-service support to the military departments in such areas as logistics, intelligence and mapping, and construction of facilities to support selected activities which do not fall under the purview of the Defense Agencies, but nonetheless serve requirements of more than one military service such as the overseas dependent school program and certain operational, training and research functions.

NATO Infrastructure

o This appropriation provides funds for the United States share of the NATO Infrastructure program, a program which provides those minimum essential dedicated wartime facilities required to support the deployment and operation of NATO military forces, including U.S. forces committed to NATO. The program is financed collectively by NATO member countries in accordance with a negotiated cost sharing formula. NATO Infrastructure is proposed to be established as a new and discrete appropriation in the FY 1981 President's budget. Currently, it is a separate budget activity under the appropriation "Military Construction, Defense Agencies".

Unbudgeted Inflation in Stock Fund Prices

Stock Fund price stabilization policy for nonfuel related purchases requires that standard prices be updated annually based on actual product procurement cost experienced during the year of execution. Actual user cost is then adjusted by approved surcharges or a stabilization factor, which takes into account an estimate for anticipated inflationary price growth, changes in transportation rates, efficiencies in operations, etc. approved during the budget year review.

The current system is an improvement over our previous pricing system, since it enables customers to more readily execute planned purchases and the stock fund manager to maintain stock fund cash levels. However, there remains a major difference from our price/rate stabilization policy relative to fuel sales and services provided by industrial fund activities. Sales prices/rates in both these areas are established during the budget year review and customer related funds are adjusted accordingly. These budgeted sales rates remain fixed or stabilized when the fiscal year commences and variances in cost experienced during the execution, whether plus or minus, are considered during subsequent budget year reviews.

By allowing the stock fund manager to update the cost "baseline" to reflect actual versus programed inflationary price growth, we force customers or program managers to effect program changes in order to accommodate the "baseline" update. We should eliminate this disruptive factor and implement a price stabilization policy which will not cause unbudgeted user cost increases.

Budgeting for Inflation in Operation and Maintenance Appropriation

Beginning in FY 1978, the Congress, by Public Law 94-361, authorized the Department of Defense to include in the budget estimates for operating funds an estimate of price growth anticipated in the cost of goods and services. Prior to FY 1978, price increases occurring subsequent to submission of the President's budget had to be offset through program reductions.

In determining the amounts required to offset the impact of increased costs, the Department uses the most recent economic assumptions provided by the administration. The FY 1981 President's budget, as amended, reflects a general inflation factor of 9.7 percent. A slightly higher rate for purchases from the DoD Stock Funds and for purchased utilities has been included. To the extent that actual inflation exceeds these predictions, program reductions will be required. For each (one) percent that inflation exceeds the budgeted rate, an additional \$300 million in the operating accounts will be required - either through supplemental appropriations or by program reductions.

Program areas that lend themselves to the flexibility required to cope with inflation are, for the most part, those programs directly related to readiness. For example, flying hours, ship steaming hours, and unit training are controllable programs at the lowest organizational level and therefore are the first to suffer when inflation exceeds the budgeted amount.

Civilian Personnel Ceilings

Limits as to the total number of civilian personnel the Department may employ have been a continuing problem for several years. Congress authorizes the total number of civilian personnel we may have during a given fiscal year. OMB also places various restrictions on civilian employment in terms of full time permanent positions and from time-to-time other categories. Some hiring restrictions are imposed by the President in his fiscal guidance, limiting the total number of civilian personnel the Department may budget for in a given fiscal year. Each of these ceiling actions seriously limit the Department's flexibility in managing its many programs. We have continually opposed the implementation of ceiling limits on civilian personnel. We consider personnel to be a resource not a program. We feel the total amount of funds available should control the number of people a manager is able to employ. This would obviously give each manager the flexibility to manage his program by managing his dollar resources. If contracting certain functions out to private industry become cost effective, we could do so. If however, it becomes more cost effective to accomplish the task in house we could obtain the personnel required without the restrictions of a ceiling on personnel. The Department operated without civilian ceilings in FY 1973 and FY 1974 and it worked very well. GAO has also supported the elimination of civilian ceilings. At the same time, we could protect matters of special congressional interest such as headquarters by controlling the total number of personnel in the headquarters function. This could satisfy the congressional concern, but still provide the Department with enough flexibility to better manage its programs.

If, however, it is not possible to eliminate ceilings, we have an internal OSD staff problem in that OASD MRA&L manages the ceiling limitations while the Comptroller manages the fiscal resources. These two functions should be combined and we feel they should be managed by this office.

Restraints/Limitations Imposed by the Congress

In the review and markup of the Defense budget, Congressional Committees oftentimes impose certain restraints or limitations in the form of funds reductions or limitations without regard or an appreciation of program impact or the capability within Defense to effect policy changes. For example, the FY 1980 House Appropriations Committee report effected adjustments relative to resources requested for Studies and Analyses, employee compensation claims, foreign national pay raises and use of civilian personnel sick leave. Also specific language appended to the Defense Bill limited expenditures relative to funds appropriated for travel and transportation activities. Resources requested for compensation claims are based on actual claim settlements negotiated by the Department of Labor. Foreign national pay raises are effected via State Department country-by-country agreements. Policy governing the use of sick leave is promulgated by the Office of Personnel Management. Dialogue on the part of the Defense Department with other agencies concerning these areas does take place and can be effective. However, resource requirements are based on policy external to Defense. Funding adjustments become in fact unprogrammatic reductions; for example, we have no option but to finance foreign national pay raises negotiated by State.

Limitations such as that imposed on travel and transportation expenditures become disruptive and often impact on direct readiness related training. We do not regard travel and transportation as a program. It is a vehicle for accomplishing logistic support of operating forces and moving both people and supplies to perform training activities. The Department has had a problem in conveying to the Congressional Appropriations Committee members and staff appreciation of this problem.

Authorization of Operation and Maintenance (O&M) Appropriation

The House Armed Services Committee has proposed addition of a Section (802) in the FY 1981 House Report on the Authorization Bill for prior authorization beginning in FY 1982. This proposal stems primarily as a reaction to service comments that the House Appropriations Committee as well as OSD and the Office of Management and Budget have effected reductions in the O&M budgets which impact readiness areas. Congress has maintained there was no intention to reduce readiness areas in any of their adjustments and that such effects occur from misapplication of specific non-readiness reductions.

Notwithstanding the merit of the rationale for service application of congressional reductions, it appears likely authorization of O&M will occur. It will cause the following:

- Constrain flexibility in program execution in accounts subject the dynamics and urgency of rapidly changing requirements not only from national security considerations but also from price (inflation) impacts.

- Complicate and lengthen the budget and reprogramming process. We must satisfy two additional committees - hearings and responses to staff questions. Also, developments after authorization, but before appropriation, will require additional authorization action. New authorization will also be necessary before requesting additional funds through notification reprogrammings, supplementals and amendments.

- Increase Department staff requirements in order to be responsive to four committees. This is important because of significant reductions in headquarters staff over the past decade. Departmental accounting systems will need, perhaps significant, modification to meet identification and tracking requirements of authorization level detail. This will also drive up overhead costs.



DEPARTMENT OF THE AIR FORCE
WASHINGTON, D.C. 20330

OFFICE OF THE SECRETARY

January 19, 1981

MEMORANDUM FOR DIRECTOR, FREEDOM OF INFORMATION AND SECURITY REVIEW

SUBJECT: U.S. New and World Report and the Armed Forces Journal
Freedom of Information Requests for Transition Issue Papers
(DFOI-81-44; DFOI-81-49)

In response to the November 11, 1980 Memorandum from Special Assistant Secretary of Defense, Peter Hamilton, subject: Transition Coordination, the Department of the Air Force prepared a transition book entitled "Administrative and Personal Orientation for Newly Appointed Officials." All contents of the book have been determined to be releasable. Two copies of the book are enclosed with this memorandum.

No documents have been determined to be partially releasable.

In addition to the enclosures, the Department of the Air Force provided programming and budgeting information in response to Mr. Hamilton's memorandum. The programming and budgeting information is classified in its entirety and is determined not to be releasable because it contains information that, if disclosed, would cause at least identifiable damage to the national security. This information is exempt from disclosure under 5 USC 552(b) (1) and Air Force Regulation 12-30, paragraph 10a. The undersigned is the initial denial authority.

ROBERT W. CRITTENDEN
Deputy Administrative Assistant



DEPARTMENT OF THE AIR FORCE
WASHINGTON, D.C. 20330

OFFICE OF THE SECRETARY

January 19, 1981

MEMORANDUM FOR DIRECTOR, FREEDOM OF INFORMATION AND SECURITY REVIEW

SUBJECT: U.S. New and World Report and the Armed Forces Journal
Freedom of Information Requests for Transition Issue Papers
(DFOI-81-44; DFOI-81-49)

In response to the November 11, 1980 Memorandum from Special Assistant Secretary of Defense, Peter Hamilton, subject: Transition Coordination, the Department of the Air Force prepared a transition book entitled "Administrative and Personal Orientation for Newly Appointed Officials." All contents of the book have been determined to be releasable. Two copies of the book are enclosed with this memorandum.

No documents have been determined to be partially releasable.

In addition to the enclosures, the Department of the Air Force provided programming and budgeting information in response to Mr. Hamilton's memorandum. The programming and budgeting information is classified in its entirety and is determined not to be releasable because it contains information that, if disclosed, would cause at least identifiable damage to the national security. This information is exempt from disclosure under 5 USC 552(b) (1) and Air Force Regulation 12-30, paragraph 10a. The undersigned is the initial denial authority.

A handwritten signature in black ink, appearing to read "Robert W. Crittenden", is written over the typed name.

ROBERT W. CRITTENDEN
Deputy Administrative Assistant

CONTENTS

Department of Defense

Organization Chart
DOD Directive 5100.1 — Functions of the Department of Defense and its
Major Components

Department of the Air Force

Organization Chart
Air Force Mission
Development of the Air Force and its Mission
Functions of the Secretary of the Air Force
Functions of the Air Staff
Functions of the Major Air Commands
Functions of Separate Operating Agencies
The Organizational Doctrine and Procedural Concepts of the Air Staff

Office of the Secretary of the Air Force

OSAF Organizational Chart
The Basic Statutes
The OSAF Order System
Functions of the Office of the Secretary and Assistant Secretaries
General Counsel
The Administrative Assistant
Office of Public Affairs
Office of Space Systems
Office of Legislative Liaison
Auditor General
Office of Small and Disadvantaged Business Utilization

DEPARTMENT OF DEFENSE

Organization Chart

DoD Directive 5100.1—Functions
of the Department of Defense and
its major components



January 26, 1980
NUMBER 5100.1

Department of Defense Directive ASD(C)

SUBJECT: Functions of the Department of Defense and its Major Components

- References:**
- (a) DoD Directive 5100.1, subject as above, December 31, 1958 (hereby canceled)
 - (b) Title 50, United States Code, Section 401, Section 2 of the National Security Act of 1947, as amended
 - (c) DoD Directive 5158.1, "Organization of the Joint Chiefs of Staff and Relationships with the Office of the Secretary of Defense," January 26, 1980
 - (d) Title 10, United States Code, Section 125, (National Security Act of 1947, as amended)

A. REISSUANCE AND PURPOSE

1. This Directive reissues reference (a).
2. Under the authority of reference (b), Congress described the basic policy embodied in the Act as follows:

"In enacting this legislation, it is the intent of Congress to provide a comprehensive program for the future security of the United States; to provide for the establishment of integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security; to provide a Department of Defense, including the three military departments of the Army, the Navy (including naval aviation and the United States Marine Corps), and the Air Force under the direction, authority, and control of the Secretary of Defense; to provide that each military department shall be separately organized under its own Secretary and shall function under the direction, authority, and control of the Secretary of Defense; to provide for their unified direction under civilian control of the Secretary of Defense but not to merge these departments or services; to provide for the establishment of unified or specified combatant commands, and a clear and direct line of command to such commands; to eliminate unnecessary duplication in the Department of Defense, and particularly in the field of research and engineering by vesting its overall direction and control in the Secretary of Defense; to provide more effective, efficient, and economical administration in the Department of Defense; to provide for the unified strategic direction of the combatant

forces, for their operation under unified command, and for their integration into an efficient team of land, naval, and air forces but not to establish a single Chief of Staff over the armed forces nor an overall armed forces general staff."

3. To provide guidance in accordance with the policy declared by Congress, the Secretary of Defense, with the approval of the President, hereby promulgates the following statement of the functions of the Department of Defense and its major components.

B. ORGANIZATIONAL RELATIONSHIPS IN THE DEPARTMENT OF DEFENSE

1. All functions in the Department of Defense and its component agencies are performed under the direction, authority, and control of the Secretary of Defense.

2. The Department of Defense includes the Office of the Secretary of Defense, the Military Departments and the Military Services within those Departments, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and such other agencies as the Secretary of Defense establishes to meet specific requirements.

a. In providing immediate staff assistance and advice to the Secretary of Defense, the Office of the Secretary of Defense and the Organization of the Joint Chiefs of Staff, though separately identified and organized, function in full coordination and cooperation in accordance with DoD Directive 5158.1 (reference (c)).

(1) The Office of the Secretary of Defense includes the offices of the Under Secretaries of Defense; Assistant Secretaries of Defense; the General Counsel of the Department of Defense; the Assistants to the Secretary of Defense; and such other staff offices as the Secretary of Defense establishes to assist him in carrying out his duties and responsibilities. The functions of the heads of these offices shall be as assigned by the Secretary of Defense in accordance with existing laws.

(2) The Joint Chiefs of Staff, as a group, are directly responsible to the Secretary of Defense for the functions assigned to them. Each member of the Joint Chiefs of Staff, other than the Chairman, is responsible for keeping the Secretary of his Military Department fully informed on matters considered or acted upon by the Joint Chiefs of Staff.

b. Each Military Department (the Department of the Navy to include naval aviation and the United States Marine Corps) shall be separately organized under its own Secretary and shall function under the direction, authority, and control of the Secretary of Defense. The Secretary of a Military Department shall be responsible to the Secretary of Defense for the operation of such Department as well as its

Jan 26, 80
5100.1

efficiency. Orders to the Military Departments shall be issued through the Secretaries of these Departments, or their designees, by the Secretary of Defense or under authority specifically delegated in writing by the Secretary of Defense or provided by law.

c. Commanders of Unified and Specified Commands are responsible to the President and the Secretary of Defense for the accomplishment of the military missions assigned to them. The chain of command runs from the President to the Secretary of Defense and through the Joint Chiefs of Staff to the commanders of Unified and Specified Commands. Orders to such commanders shall be issued by the President or the Secretary of Defense, or by the Joint Chiefs of Staff by the authority and direction of the Secretary of Defense. These commanders shall have full operational command over the forces assigned to them and shall perform such functions as are prescribed by the Unified Command Plan and other directives issued by competent authority.

3. The functions assigned hereafter may be transferred, reassigned, abolished, or consolidated by the Secretary of Defense in accordance with the procedures established and the authorities provided in the National Security Act of 1947, as amended (10 U.S.C. 125) (reference (d)).

C. FUNCTIONS OF THE DEPARTMENT OF DEFENSE

As prescribed by higher authority, the Department of Defense shall maintain and employ armed forces to:

1. Support and defend the Constitution of the United States against all enemies, foreign and domestic.
2. Ensure, by timely and effective military action, the security of the United States, its possessions, and areas vital to its interest.
3. Uphold and advance the national policies and interests of the United States.
4. Safeguard the internal security of the United States.

D. FUNCTIONS OF THE JOINT CHIEFS OF STAFF

The Joint Chiefs of Staff, consisting of the Chairman; the Chief of Staff, U.S. Army; the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; and the Commandant of the Marine Corps, and supported by the Organization of the Joint Chiefs of Staff, constitute the immediate military staff of the Secretary of Defense. The Joint Chiefs of Staff are the principal military advisers to the President, the National Security Council, and the Secretary of Defense. In performance of their functions of advising and assisting the Secretary of Defense, and subject to the authority and direction of the President and the Secretary of Defense, it shall be the duty of the Joint Chiefs of Staff to:

1. Serve as advisers and as military staff in the chain of operational command with respect to Unified and Specified Commands, to provide a channel of communications from the President and Secretary of Defense to Unified and Specified Commands, and to coordinate all communications in matters of joint interest addressed to the commanders of the Unified or Specified Commands by other authority.
2. Prepare strategic plans and provide for the strategic direction of the armed forces, including the direction of operations conducted by commanders of Unified and Specified Commands and the discharge of any other function of command for such commands directed by the Secretary of Defense.
3. Prepare joint logistic plans and assign logistic responsibilities to the Military Services and the Defense Logistics Agency in accordance with those plans; ascertain the logistic support available to execute the general war and contingency plans of the commanders of the Unified and Specified Commands; review and recommend to the Secretary of Defense appropriate logistic guidance for the Military Services which, if implemented, shall result in logistic readiness consistent with the approved strategic plans.
4. Prepare integrated plans for military mobilization.
5. Provide adequate, timely, and reliable joint intelligence for use within the Department of Defense.
6. Review major personnel, materiel, and logistic requirements of the armed forces in relation to strategic and logistic plans.
7. Review the plans and programs of commanders of Unified and Specified Commands to determine their adequacy, feasibility, and suitability for the performance of assigned missions.
8. Provide military guidance for use by the Military Departments, the armed forces, and the defense agencies in the preparation of their respective detailed plans.
9. Participate, as directed, in the preparation of combined plans for military action in conjunction with the armed forces of other nations.
10. Recommend to the Secretary of Defense the establishment and force structure of Unified and Specified Commands in strategic areas.
11. Determine the headquarters support, such as facilities, personnel, and communications, required by commanders of Unified and Specified Commands, and recommend the assignment to the Military Departments of the responsibilities for providing such support.
12. Establish doctrines for unified operations and training, and for coordination of the military education of members of the armed forces.

Jan 26, 80
5100.1

13. Recommend to the Secretary of Defense the assignment of primary responsibility for any function of the armed forces requiring such determination and the transfer, reassignment, abolition, or consolidation of such functions.

14. Prepare and submit to the Secretary of Defense, for information and consideration in connection with the preparation of budgets, statements of military requirements based upon U.S. strategic considerations, current national security policy, and strategic war plans. These statements of requirements shall include tasks, priority of tasks, force requirements, and general strategic guidance for developing military installations and bases and for equipping and maintaining military forces.

15. Advise and assist the Secretary of Defense in research and engineering matters by preparing: statements of broad strategic guidance to be used in the preparation of an integrated DoD program; statements of overall military requirements; statements of the relative military importance of development activities to meet the needs of the Unified and Specified commands; and recommendations for the assignment of specific new weapons to the armed forces.

16. Prepare and submit to the Secretary of Defense for information and consideration general strategic guidance for the development of industrial mobilization programs.

17. Prepare and submit to the Secretary of Defense military guidance for use in the development of military aid programs and other actions relating to foreign military forces; including recommendations for allied military force, materiel, and facilities requirements related to U.S. strategic objectives, current national security policy, strategic war plans, and the implementation of approved programs; and make recommendations to the Secretary of Defense, as necessary, to keep the Military Assistance Program in consonance with agreed strategic concepts.

18. Provide U.S. representation on the Military Staff Committee of the United States Mission to the United Nations, in accordance with the provisions of the Charter of the United Nations, and representation on other properly authorized military staffs, boards, councils, and missions.

19. Perform such other duties as the President or the Secretary of Defense may prescribe.

E. FUNCTIONS OF THE MILITARY DEPARTMENTS AND THE MILITARY SERVICES

1. The chain of command for purposes other than the operational direction of Unified and Specified Commands runs from the President to the Secretary of Defense to the Secretaries of the Military Departments.

2. The Military Departments, under their respective Secretaries and in accordance with sections B. and D., shall:

a. Prepare forces and establish reserves of equipment and supplies for the effective prosecution of war, and plan for the expansion of peacetime components to meet the needs of war.

b. Maintain mobile reserve forces in readiness, properly organized, trained, and equipped for employment in an emergency.

c. Provide adequate, timely, and reliable departmental intelligence for use within the Department of Defense.

d. Organize, train, and equip forces for assignment to Unified or Specified Commands.

e. Recommend appropriate logistic guidance to the Secretary of Defense for their respective Military Departments that, if implemented, will result in logistic readiness consistent with approved strategic guidance; and verify the continuing adequacy of approved logistic guidance and the resources available to their respective Military Departments.

f. Prepare and submit budgets to the Secretary of Defense for their respective Departments; justify budget requests before the Congress as approved by the Secretary of Defense; and administer the funds made available for maintaining, equipping, and training the forces of their respective Departments, including those assigned to Unified and Specified Commands. The budget submissions to the Secretary of Defense by the Military Departments shall be prepared, among other considerations, on the basis of the advice of commanders of forces assigned to Unified and Specified Commands. Such advice, in the case of component commanders of Unified Commands, will be in agreement with the plans and programs of the respective Unified commanders.

g. Conduct research; develop tactics, techniques, and organization; and develop and procure weapons, equipment, and supplies essential to fulfill the functions hereafter assigned.

h. Develop, garrison, supply, equip, and maintain bases and other installations, including lines of communication, and provide administrative and logistic support for all forces and bases.

i. Provide, as directed, such forces, military missions, and detachments for service in foreign countries as may be required to support the national interest of the United States.

j. Assist in training and equipping the military forces of foreign nations.

Jan 26, 80
5100.1

k. Assist each other in the accomplishment of their respective functions, including the provision of personnel, intelligence, training, facilities, equipment, supplies, and services.

3. The forces developed and trained to perform the primary functions set forth hereafter shall be employed to support and supplement the other Military Services in carrying out their primary functions, where and whenever such participation shall result in increased effectiveness and shall contribute to the accomplishment of the overall military objectives. As for collateral functions, while the assignment of such functions may establish further justification for stated force requirements, such assignment shall not be used as the basis for establishing additional force requirements.

a. Functions of the Department of the Army

(1) The Department of the Army is responsible for the preparation of land forces necessary for the effective prosecution of war except as otherwise assigned and, in accordance with integrated mobilization plans, for the expansion of the peacetime components of the Army to meet the needs of war.

(2) The Army, within the Department of the Army, includes land combat and service forces and such aviation and water transport as may be organic therein.

(3) The primary functions of the Army are to:

(a) Organize, train, and equip Army forces for the conduct of prompt and sustained combat operations on land; specifically, forces to defeat enemy land forces and to seize, occupy, and defend land area.

(b) Organize, train, and equip Army air defense units, including the provision of Army forces as required for the defense of the United States against air attack, in accordance with doctrines established by the Joint Chiefs of Staff.

(c) Organize, equip, and provide Army forces in coordination with the other Services, for joint amphibious and airborne operations, and to provide for the training of such forces, in accordance with doctrines established by the Joint Chiefs of Staff.

1 Develop, in coordination with the other Services, doctrines, tactics, techniques, and equipment of interest to the Army for amphibious operations not provided for in E.3.b.(3)(b)3 and E.3.b.(3)(d).

2 Develop, in coordination with the other Military Services, the doctrines, procedures, and equipment employed by Army and Marine Forces in airborne operations. The Army shall have primary

interest in the development of those airborne doctrines, procedures, and equipment that are of common interest to the Army and the Marine Corps.

(d) Provide an organization capable of furnishing adequate, timely, and reliable intelligence for the Army.

(e) Provide forces for the occupations of territories abroad, to include the initial establishment of military government pending the transfer of this responsibility to other authority.

(f) Formulate doctrines and procedures for the organizing, equipping, training, and employment of forces operating on land, except that the formulation of doctrines and procedures for the organization, equipping, training, and employment of Marine Corps' units for amphibious operations shall be a function of the Department of the Navy, coordinating as required by E.3.b.(3)(b)3.

(g) Conduct the following activities:

1 Functions relating to the management and operation of the Panama Canal as assigned by the Secretary or Deputy Secretary of Defense.

2 The authorized civil works program, including projects for improvement of navigation, flood control, beach erosion control, and other water resource developments in the United States, its territories, and its possessions.

3 Certain other civil activities prescribed by law.

(4) The collateral functions of the Army are to train forces to interdict enemy sea and air power and communications through operations on or from land.

b. Functions of the Department of the Navy

(1) The Department of the Navy is responsible for the preparation of Navy and Marine Corps forces necessary for the effective prosecution of war except as otherwise assigned and, in accordance with integrated mobilization plans, for the expansion of the peacetime components of the Navy and Marine Corps to meet the needs of war.

(2) Within the Department of the Navy, the Navy includes naval combat and service forces and such aviation as may be organic therein, and the Marine Corps includes not less than three combat divisions and three air wings and such other land combat, aviation, and other services as may be organic therein.

(3) The primary functions of the Navy and the Marine Corps are to:

Jan 26, 80
5100.1

(a) Organize, train, and equip Navy and Marine Corps forces for the conduct of prompt and sustained combat operations at sea, including operations of sea-based aircraft and land-based naval air components, specifically, forces to seek out and destroy enemy naval forces and to suppress enemy sea commerce, to gain and maintain general naval supremacy, to control vital sea areas, to protect vital sea lines of communication, to establish and maintain local superiority (including air) in an area of naval operations, to seize and defend advanced naval bases, and to conduct such land and air operations as may be essential to the prosecution of a naval campaign.

(b) Maintain the Marine Corps, whose specific functions are to:

1 Provide Fleet Marine forces of combined arms, together with supporting air components, for service with the Fleet in the seizure or defense of advanced naval bases and for the conduct of such land operations as may be essential to the prosecution of a naval campaign. These functions do not contemplate the creation of a second land Army.

2 Provide detachments and organizations for service on armed vessels of the Navy, and security detachments for the protection of naval property at naval stations and bases.

3 Develop, in coordination with the other Military Services, the doctrines, tactics, techniques, and equipment employed by landing forces in amphibious operations. The Marine Corps shall have primary interest in the development of those landing force doctrines, tactics, techniques, and equipment that are of common interest to the Army and the Marine Corps.

4 Train and equip, as required, Marine Forces for airborne operations in coordination with the other Military Services and in accordance with doctrines established by the Joint Chiefs of Staff.

5 Develop, in coordination with the other Military Services, doctrines, procedures, and equipment of interest to the Marine Corps for airborne operations not provided in E.3.a.(3)(c)2.

(c) Organize and equip, in coordination with the other Military Services, and provide naval forces, including naval close air-support forces, for the conduct of joint amphibious operations, and be responsible for the amphibious training of all forces assigned to joint amphibious operations, in accordance with doctrines established by the Joint Chiefs of Staff.

(d) Develop, in coordination with the other Military Services, the doctrines, procedures, and equipment of naval forces for amphibious operations, and the doctrines and procedures for joint amphibious operations.

(e) Furnish adequate, timely, and reliable intelligence for the Navy and Marine Corps.

(f) Organize, train, and equip naval forces for naval reconnaissance, antisubmarine warfare, and the protection of shipping and minelaying, including the air aspects thereof, and controlled mine-field operations.

(g) Provide air support essential for naval operations.

(h) Provide sea-based air defense and the sea-based means for coordinating control for defense against air attack, coordinating with the other Military Services in matters of joint concern.

(i) Provide naval forces, including naval air forces, for the defense of the United States against air attack, in accordance with doctrines established by the Joint Chiefs of Staff.

(j) Furnish aerial photography, as necessary, for Navy and Marine Corps operations.

(4) The collateral functions of the Navy and the Marine Corps are to train forces to:

(a) Interdict enemy land and air power and communications through operations at sea.

(b) Conduct close air and naval support for land operations.

(c) Furnish aerial photography for cartographic purposes.

(d) Participate in the overall air effort, when directed.

(e) Establish military government, as directed, pending transfer of this responsibility to other authority.

c. Functions of the Department of the Air Force

(1) The Department of the Air Force is responsible for the preparation of the air forces necessary for the effective prosecution of war, except as otherwise assigned, and, in accordance with integrated mobilization plans, for the expansion of the peacetime components of the Air Force to meet the needs of war.

(2) The Air Force, within the Department of the Air Force, includes aviation forces, both combat and service, not otherwise assigned.

(3) The primary functions of the Air Force are to:

(a) Organize, train, and equip Air Force forces for the conduct of prompt and sustained combat operations in the air, specifically,

Jan 26, 80
5100.1

forces to defend the United States against air attack in accordance with doctrines established by the Joint Chiefs of Staff, to gain and maintain general air supremacy, to defeat enemy air forces, to control vital air areas, and to establish local air superiority, except as otherwise assigned herein.

(b) Develop doctrines and procedures, in coordination with the other Military Services, for the unified defense of the United States against air attack.

(c) Organize, train, and equip Air Force forces for strategic air warfare.

(d) Organize and equip Air Force forces for joint amphibious and airborne operations, in coordination with the other Military Services, and provide for their training in accordance with doctrines established by the Joint Chiefs of Staff.

(e) Furnish close combat and logistical air support to the Army, to include air lift, support, and resupply of airborne operations, aerial photography, tactical reconnaissance, and interdiction of enemy land power and communications.

(f) Provide air transport for the armed forces, except as otherwise assigned.

(g) Develop, in coordination with the other Military Services, doctrines, procedures, and equipment for air defense from land areas, including the continental United States.

(h) Formulate doctrines and procedures for the organizing, equipping, training, and employment of Air Force forces.

(i) Provide an organization capable of furnishing adequate, timely, and reliable intelligence for the Air Force.

(j) Furnish aerial photography for cartographic purposes.

(k) Develop, in coordination with the other Military Services, tactics, techniques, and equipment of interest to the Air Force for amphibious operations not provided in E.3.b.(3)(b)3 and E.3.b.(3)(d).

(l) Develop, in coordination with the other Military Services, doctrines, procedures, and equipment employed by Air Force forces in airborne operations.

(4) The collateral functions of the Air Force are to train forces to:

(a) Interdict enemy sea power through air operations.

(b) Conduct antisubmarine warfare and protect shipping.

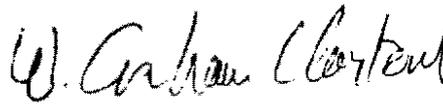
(c) Conduct aerial minelaying operations.

F. FUNCTIONS OF DoD AGENCIES

1. Defense Advanced Research Projects Agency (DARPA). See DoD Directive 5105.41, June 8, 1978.
2. Defense Audit Service (DAS). See DoD Directive 5105.48, October 14, 1976.
3. Defense Audiovisual Agency (DAVA). See DoD Directive 5040.1, June 12, 1979.
4. Defense Communications Agency (DCA). See DoD Directive 5105.19, August 10, 1978.
5. Defense Contract Audit Agency (DCAA). See DoD Directive 5105.36, June 8, 1978.
6. Defense Intelligence Agency (DIA). See DoD Directive 5105.21, May 19, 1977.
7. Defense Investigative Service (DIS). See DoD Directive 5105.42, July 19, 1978.
8. Defense Logistics Agency (DLA). See DoD Directive 5105.22, June 8, 1978.
9. Defense Mapping Agency (DMA). See DoD Directive 5105.40, August 10, 1978.
10. Defense Nuclear Agency (DNA). See DoD Directive 5105.31, November 3, 1971.
11. Defense Security Assistance Agency (DSAA). See DoD Directive 5105.38, August 10, 1978.
12. The National Security Agency and the Central Security Service. See DoD Directive S-5100.20, December 23, 1971.

G. EFFECTIVE DATE

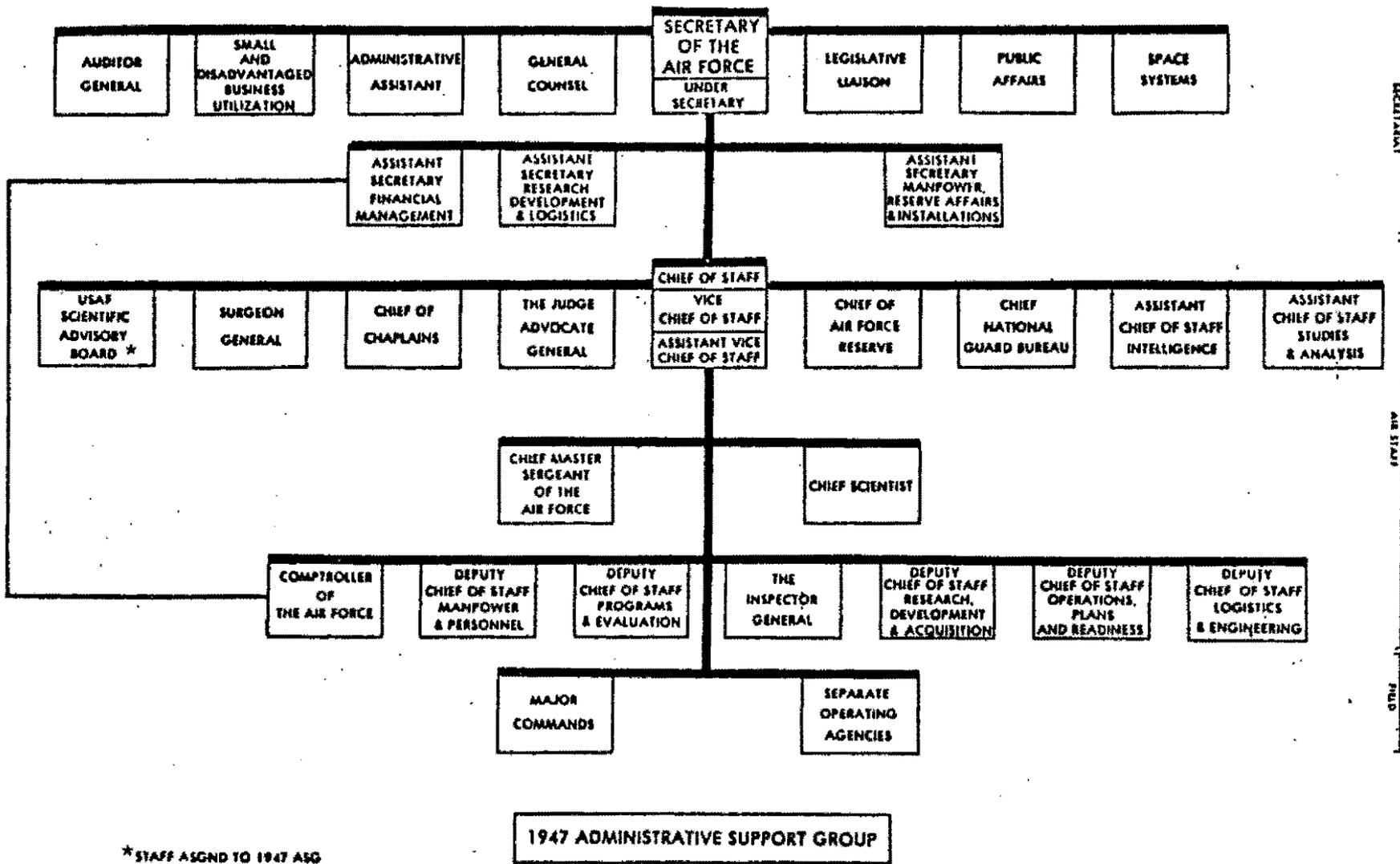
This Directive is effective immediately.



W. Graham Claytor, Jr.
Deputy Secretary of Defense

DEPARTMENT OF THE AIR FORCE

Organization Chart
Air Force Mission
Development of the Air Force and its Mission
Functions of the Secretary of the Air Force
Functions of the Air Staff
Functions of the Major Air Commands
Functions of Separate Operating Agencies
The Organizational Doctrine and Procedural Concept of the
Air Staff



SECRETARIAT
AIR STAFF
FIELD

* STAFF ASSGND TO 1947 ASG

1947 ADMINISTRATIVE SUPPORT GROUP

AIR FORCE MISSION

Extract from DOD Directive Number 5100.1

SUBJECT: Functions of the Department of Defense and its Major Components

Functions Of The Military Departments And The Military Services

1. The chain of command for purposes other than the operational direction of Unified and Specified Commands runs from the President to the Secretary of Defense to the Secretaries of the Military Departments.

2. The Military Departments, under their respective Secretaries and in accordance with sections B. and D., shall:

a. Prepare forces and establish reserves of equipment and supplies for the effective prosecution of war, and plan for the expansion of peacetime components to meet the needs of war.

b. Maintain mobile reserve forces in readiness, properly organized, trained, and equipped for employment in an emergency.

c. Provide adequate, timely, and reliable departmental intelligence for use within the Department of Defense.

d. Organize, train, and equip forces for assignment to Unified or Specified Commands.

e. Recommend appropriate logistic guidance to the Secretary of Defense for their respective Military Departments that, if implemented, will result in logistic readiness consistent with approved strategic guidance; and verify the continuing adequacy of approved logistic guidance and the resources available to their respective Military Departments.

f. Prepare and submit budgets to the Secretary of Defense for their respective Departments; justify budget requests before the Congress as approved by the Secretary of Defense; and administer the funds made available for maintaining, equipping, and training the forces of their respective Departments, including those assigned to Unified and Specified Commands. The budget submissions to the Secretary of Defense by the Military Departments shall be prepared, among other considerations, on the basis of the advice of commanders of forces assigned to Unified and Specified Commands. Such advice, in the case of component commanders of Unified Commands, will be in agreement with the plans and programs of the respective Unified commanders.

g. Conduct research; develop tactics, techniques, and organization; and develop and procure weapons, equipment, and supplies essential to fulfill the functions hereafter assigned.

h. Develop, garrison, supply, equip, and maintain bases and other installations, including lines of communication, and provide administrative and logistic support for all forces and bases.

i. Provide, as directed, such forces, military missions, and detachments for service in foreign countries as may be required to support the national interest of the United States.

j. Assist in training and equipping the military forces of foreign nations.

k. Assist each other in the accomplishment of their respective functions, including the provision of personnel, intelligence, training, facilities, equipment, supplies, and services.

3. The forces developed and trained to perform the primary functions set forth hereafter shall be employed to support and supplement the other Military Services in carrying out their primary functions, where and whenever such participation shall result in increased effectiveness and shall contribute to the accomplishment of the overall military objectives. As for collateral functions, while the assignment of such functions may establish further justification for stated force requirements, such assignment shall not be used as the basis for establishing additional force requirements.

Functions of the Department of the Air Force

(1) The Department of the Air Force is responsible for the preparation of the air forces necessary for the effective prosecution of war, except as otherwise assigned, and, in accordance with integrated mobilization plans, for the expansion of the peacetime components of the Air Force to meet the needs of war.

(2) The Air Force, within the Department of the Air Force, includes aviation forces, both combat and service, not otherwise assigned.

(3) The primary functions of the Air Force are to:

(a) Organize, train, and equip Air Force forces for the conduct of prompt and sustained combat operations in the air, specifically, forces to defend the United States against air attack in accordance with doctrines established by the Joint Chiefs of Staff, to gain and maintain general air supremacy, to defeat enemy air forces, to control vital air areas, and to establish local air superiority, except as otherwise assigned herein.

(b) Develop doctrines and procedures, in coordination with the other Military Services, for the unified defense of the United States against air attack.

(c) Organize, train and equip Air Force forces for strategic air warfare.

(d) Organize and equip Air Force forces for joint amphibious and airborne operations, in coordination with the other Military Services, and provide for their training in accordance with doctrines established by the Joint Chiefs of Staff.

(e) Furnish close combat and logistical air support to the Army, to include air lift, support, and resupply of airborne operations, aerial

photography, tactical reconnaissance, and interdiction of enemy land power and communications.

(f) Provide air transport for the armed forces, except as otherwise assigned.

(g) Develop, in coordination with the other Military Services, doctrines, procedures, and equipment for air defense from land areas, including the continental United States.

(h) Formulate doctrines and procedures for the organizing, equipping, training, and employment of Air Force forces.

(i) Provide an organization capable of furnishing adequate, timely, and reliable intelligence for the Air Force.

(j) Furnish aerial photography for cartographic purposes.

(k) Develop, in coordination with the other Military Services, tactics, techniques, and equipment of interest to the Air Force for amphibious operations not provided in E.3.b. (3)(b)3 and E.3.b.(3)(d).

(l) Develop, in coordination with the other Military Services, doctrines, procedures, and equipment employed by Air Force forces in airborne operations.

(4) The collateral functions of the Air Force are to train forces to:

(a) Interdict enemy sea power through air operations.

(b) Conduct antisubmarine warfare and protect shipping.

(c) Conduct aerial minelaying operations.

DEVELOPMENT OF THE AIR FORCE

AND

ITS MISSION

Historic Development and Legislative Authority

1947 - With passage of the National Security Act of 1947, the Congress set up three Departments — an Army, a Navy, and an Air Force. These were Executive Departments. As heads of Executive Departments, the Secretaries were members of the Cabinet and of the National Security Council. A Department of Defense was not created, instead these three Executive Departments formed an amorphous body known as the National Military Establishment. At its head was a Secretary of Defense, who was to exercise general authority, direction and control, but the statute stated that all powers not specifically given to the Secretary of Defense were reserved to the Secretaries of the Military Departments.

1949 - Because this organization was not responsive to national needs and the intent of Congress, the 1949 Amendments completely altered the picture. The 1949 Amendments provided for a single executive department known as the Department of Defense. The Secretary of Defense was to be the principal assistant to the President for all DOD matters. Executive branch status for the three departments was withdrawn. They were to be separately administered under the direction, control and authority of the Secretary of Defense. The Department Secretaries also lost Cabinet and National Security Council membership.

1953 - Based on lessons learned in the Korean War, President Eisenhower submitted Reorganization Plan No. 6 to Congress in 1953. It was designed to more clearly spell out the authority and responsibilities of the Secretary of Defense for more efficient direction of DOD. The most significant aspect of the changes to the Air Force were brought out in the President's Message to Congress in submitting the Plan. He said that the Secretaries of the Departments were to be "operational managers" under the direction of the Secretary of Defense.

1958 - The 1958 Amendment provided significant additions to the Secretary of Defense's power. He was given increased responsibility in connection with military operations. The statute specified that all forces committed to unified and specified commands were responsible to the Secretary of Defense and the President. The Military Departments were no longer required to be "separately administered," but were to be "separately organized." From the 1958 Amendments emerged the organizational pattern we have today. There are two separate and distinct chains of command over the Armed Forces. There is the "operational" chain of command from the President and the Secretary of Defense (through the JCS) to the unified and specified commands. There is the "service" or "logistic support" chain from the President and Secretary of Defense to the Secretaries of the Military Departments. The Departments organize, train and equip the forces, but their employment in combat is through the "operational" chain command.

SECRETARY OF THE AIR FORCE

The Secretary of the Air Force is responsible for and has the authority to conduct all affairs of the Department of the Air Force. He shall conduct the business of the Department in such manner as the President or the Secretary of Defense may prescribe.

Former Air Force Secretaries

<u>Secretary</u>	<u>Eff date or EDCSA</u>	<u>Termination or sign out date</u>
W. Stuart Symington	18 Sep 47	24 Apr 50
Thomas K. Finletter (Deceased)	24 Apr 50	20 Jan 53
Harold E. Talbott (Deceased)	4 Feb 53	13 Aug 55
Donald A. Quarles (Deceased)	15 Aug 55	30 Apr 57
James H. Douglas, Jr.	1 May 57	10 Dec 59
Dudley C. Sharp	11 Dec 59	20 Jan 61
Eugene M. Zuckert	23 Jan 61	30 Sep 65
Harold Brown	1 Oct 65	14 Feb 69
Robert C. Seamans, Jr.	15 Feb 69	14 May 73
John L. McLucas (Acting)	15 May 73	18 Jul 73
John L. McLucas	19 Jul 73	23 Nov 75
James W. Plummer (Acting)	24 Nov 75	1 Jan 76
Thomas C. Reed	2 Jan 76	5 Apr 77
John C. Stetson	6 Apr 77	18 May 79
Hans M. Mark (Acting)	18 May 79	26 Jul 79
Hans M. Mark	26 Jul 79	

AIR STAFF

The Air Staff shall furnish professional assistance to the Secretary, the Under Secretary, and the Assistant Secretaries of the Air Force and the Chief of Staff.

The Air Staff shall:

Prepare for such employment of the Air Force and for such recruiting, organizing, supplying, equipping, training, serving, mobilizing, and demobilizing of the Air Force as will assist in the execution of any power, duty, or function of the Secretary or the Chief of Staff.

Investigate and report upon the efficiency of the Air Force and its preparation for military operations.

Prepare detailed instructions for the execution of approved plans and instructions.

Act as agent of the Secretary and the Chief of Staff coordinating the action of all organizations of the Department of the Air Force.

Perform such other duties, not otherwise assigned by law, as may be prescribed by the Secretary.

MAJOR COMMANDS

Air Force Communications Command (AFCC)

Mission: To provide base and point-to-point communications, flight facilities and air traffic control services primarily to the Air Force but also other agencies, governmental and civil, national and foreign.

Air Force Logistics Command (AFLC)

Mission: To provide worldwide logistics support to the Air Force. This includes procurement, storage, and distribution of supplies and the performance of or arrangement for the performance of depot level maintenance on material.

Air Force Systems Command (AFSC)

Mission: To advance aerospace technology, adapt it into operational aerospace systems, and acquire qualitatively superior aerospace systems and material needed to accomplish the United States Air Force mission.

Air Training Command (ATC)

Mission: To provide individual training for Air Force officers and airmen, and higher education of officers. This includes basic training, and indoctrination for all Air Force recruits; flying training; and technical field, special, and such other training as directed. Education activities operated include the: Air War College, Command and Staff College, Institute of Technology, Extension Course Institute, Leadership and Management Development Center, and Air Force ROTC. It is also charged with the recruiting function for the USAF.

Alaskan Air Command (AAC)

Mission:

1. To conduct, control, and coordinate offensive air operations according to tasks assigned by the Commander-in-Chief, Alaskan Air Command (CINCAL).

2. To provide combat-ready air defense weapon systems, aircraft control and warning elements, and air defense forces within Alaska for employment under the operational control of the CINC, NORAD/CONAD Region.

Military Airlift Command (MAC)

Mission: Provides air transportation for personnel and cargo for all the military services on a worldwide basis. In addition, MAC furnishes weather, rescue, and audiovisual services for the Air Force.

Pacific Air Forces (PACAF)

Mission: To plan, conduct, control and coordinate offensive and defensive air operations in accordance with tasks assigned by the Commander-in-Chief, Pacific Command (CINCPAC).

Strategic Air Command (SAC)

Mission: To organize, train, equip, administer, and prepare strategic air forces for combat, including bombardment, missile, special mission, and strategic reconnaissance units and to conduct strategic warning mission for the USAF.

Tactical Air Command (TAC)

Mission: To organize, train, and equip forces to participate in tactical air operations. This includes tactical fighter, tactical air reconnaissance, special operations, tactical airlift, close combat air support, logistical air support, and joint amphibious and airborne operations. It is the Air Force component of U.S. Readiness Command and U.S. Atlantic Command. It participates with other services in developing doctrine, procedures, tactics, techniques, training and equipment for joint operations. It provides combat ready air elements to Strike Command.

United States Air Forces In Europe (USAFE)

Mission: To plan, conduct, control, and coordinate offensive and defensive air operations in accordance with tasks assigned by the Commander-in-Chief, United States European Command (USCINCEUR).

Electronic Security Command (ESC)

Mission: Provides command and control countermeasures products and services (active and passive) in support of HQ USAF and Air Force combat commands. Monitors Air Force communications in all parts of the world to insure compliance with established communication security practices and procedures. Additionally, ESC units occasionally conduct research in communication phenomena in support of various elements of the U.S. Government.

SEPARATE OPERATING AGENCIES/DIRECT REPORTING UNITS

Air Force Accounting And Finance Center (AFAFC)

Mission: To provide policy and develop systems requirements for Air Force financial accounting, disbursing, and reporting matters; develop all accounting and finance manuals for the Air Force; delegate as required, specific procedural development to major commands; provide technical supervision, advice, and guidance to Air Force accounting and finance field activities; accomplish centralized Air Force accounting and finance operational functions; and perform functions delegated by higher authority such as the Department of Defense Pay Manual (DODPM).

Air Force Audit Agency (AFAA)

Mission: To provide all levels of Air Force management with an independent, objective, and constructive evaluation of the effectiveness and efficiency with which managerial responsibilities (including financial, operational, and support activities) are carried out.

Air Force Inspection And Safety Center (AFISC)

Mission: To determine the status of operational readiness within the commands; evaluate the effectiveness and efficiency of management systems; define problems impeding the effective accomplishment of the Air Force mission; monitor Air Force-wide aircraft, missile and space, nuclear, explosives and ground accident prevention programs; and provide factual information upon which to base corrective actions.

Air Force Intelligence Service (AFIS)

Mission: To provide specialized operating and support intelligence services and timely and reliable aerospace intelligence of primary interest to Headquarters USAF and USAF commanders, worldwide, through the management control of intelligence, special security and communications systems, and intelligence reserve personnel training and utilization programs; research, processing and dissemination of timely intelligence information and intelligence; and direction and performance of specialized collection activities.

Air Force Manpower And Personnel Center (AFMPC)

Mission:

1. To implement Air Force operating policy on the worldwide distribution and management of military personnel, personnel systems, and military personnel records systems.
2. To review war plans and programs, evaluate personnel impact, and develop the capabilities and direct actions required for personnel management during specified contingency operations.
3. To provide for certain civilian personnel operating activities and to develop and maintain Air Force manpower standards through operation of the Air Force Management Engineering Program.

Air Force Office Of Special Investigations (AFOSI)

Mission: To provide criminal, counter-intelligence, personnel security and special investigative services for all Air Force activities; to collect, analyze, and disseminate information of investigative and counter-intelligence significance; and to collect and report information which is pertinent to base security and is available from human sources in the vicinity of oversea US Air Force installations.

Hq Air Force Reserve (AFRES)

Mission: To participate in the formulation of plans and programs which affect AFRES units and their members, and administer those programs; and to provide for personnel administration of the Air Reserve Forces and mobilization of these reserves when needed.

United States Air Force Academy (USAFA)

Mission: To provide instruction and experience to each cadet so that he or she graduates with the knowledge and character essential to leadership and the motivation to become a career officer in the United States Air Force.

Air Force Engineering And Services Center (AFESC)

Mission: To provide specialized engineering and services, technical assistance, and operating support to Air Force bases and organizations. This includes food, laundry, dry cleaning, and linen exchange services; regional civil engineering, and the interdisciplinary civil engineering functions.

Air Force Commissary Service (AFCOMS)

Mission: To provide subsistence support to appropriated and nonappropriated fund food activities and to authorized individual patrons; operates a resale store system to provide service and facilities for the sale of Department of Defense authorized merchandise at the lowest practical price to authorized patrons.

Air Force Office Of Security Police (AFOSP)

Mission: To implement Air Force programs and provide operational policies and practice for the Security of Air Force resources and information and the delivery of law enforcement services.

Aerospace Defense Center (ADC)

Mission: Is the administrative and resource management organization for organizing, training, and equipping Air Force personnel supporting the North American Air Defense Command and Aerospace Defense Command (the Joint Chiefs of Staff specified command) functions.

Air Force Test And Evaluation Center (AFTEC)

Mission: Manages the Air Force Operational Test and Evaluation (OT&E) program; assesses the operation utility of all major and selected non-major Air

Force systems with using, implementing, and supporting commands as required; and is responsible for recommending policy, and for planning, directing, evaluating, and reporting on the Air Force OT&E program.

Albert F. Simpson Historical Research Center (AFSHRC)

Mission: Provides Air Force and DOD-wide military departments and commanders historical assistance in carrying out their assigned missions and responsibilities. Implements the USAF history program (AFR 210-3).

Air National Guard Support Center (ANGSC)

MISSION: To perform the operational and technical tasks associated with manning, equipping, and training Air National Guard units to required readiness levels.

1947 Administrative Support Group (1947 ASG)

Mission:

1. To develop and implement worldwide US Air Force administration policies.
2. To provide essential direct support to HQ USAF and the Air Force Combat Operations Staff (AFCOS), and provide prescribed support to the other activities throughout the National Capital Region.
3. Includes certain Office of the Secretary of the Air Force and Air Staff support functions that receive technical guidance and direction from their respective departmental agencies.

Air Force Combat Operations Staff (AFCOS)

Mission:

1. Provides a readiness-oriented, combat-related structure to support CSAF, as a member of the Joint Chiefs of Staff (JCS), through the Air Force JCS Operations deputy.
2. Serves as the permanent nucleus of a centralized, highly responsive, and integrated combat support structure.
3. Monitors and reports the day-to-day readiness status (JCS Force Status and Identity Report) of US Air Force combat and combat support forces.
4. Provides facilities, procedures, and immediate action staff for supporting unified and specified command operations during periods of crisis, contingency, and exercise situations.

Air Force Legal Services Center (AFLSC)

Mission: AFLSC provides legal services Air Force-wide in the functional areas of military justice, patents, claims and tort litigation, general litigation, labor law, preventive law, and legal aid. It manages personnel programs for active duty and reserve judge advocates, and airmen and civilians assigned to legal services.

It also administers the federal legal information through electronics (FLITE) program for the Air Force, which is the executive agent for the Department of Defense (DOD).

Air Force Medical Service Center (AFMSC)

Mission:

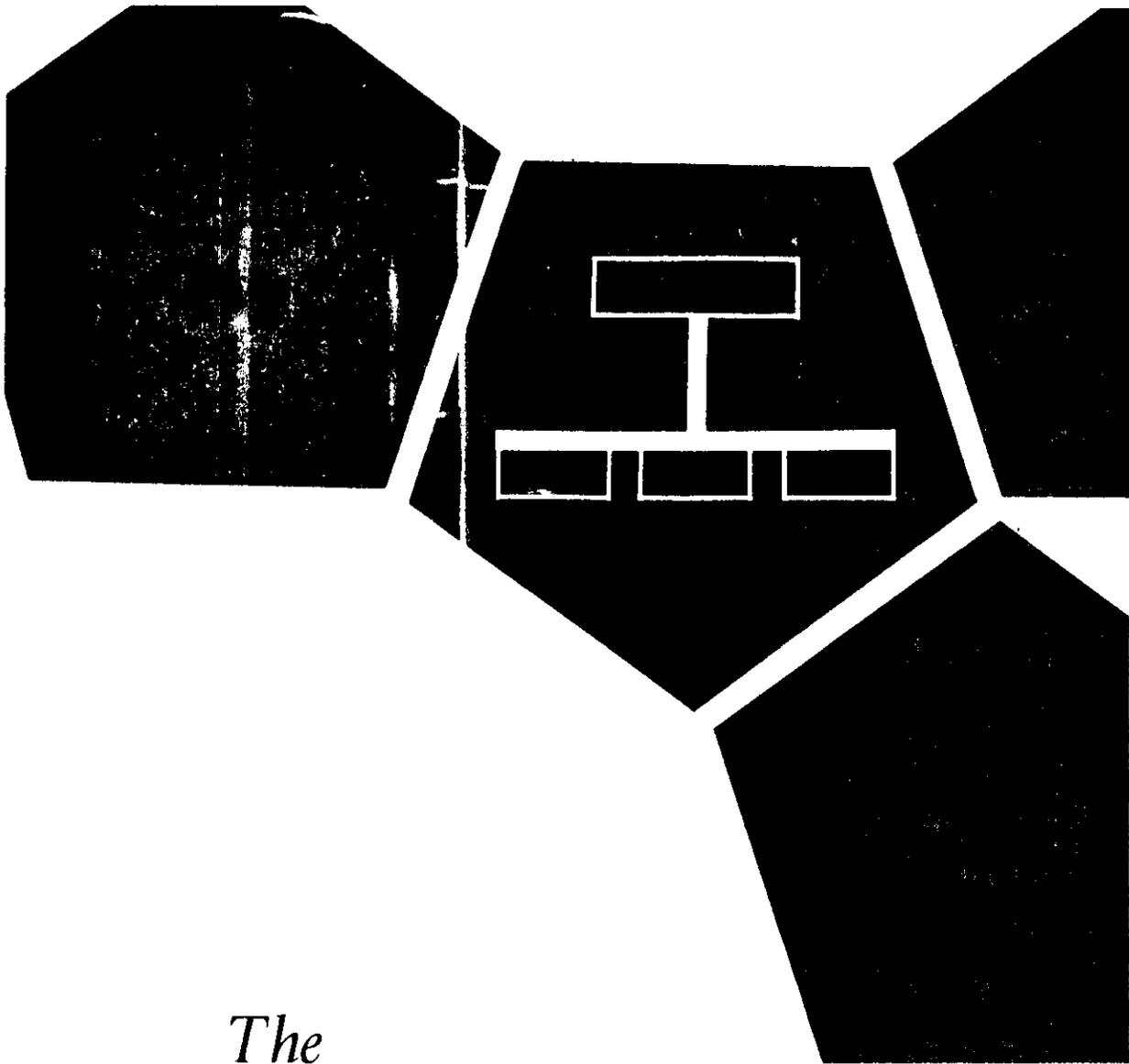
1. Assists the Air Force Surgeon General (HQ USAF/SG) in the development of practices and policies relative to the delivery of currently existing and emergent health care in peacetime and wartime environments.

2. Acts as the Air Force Surgeon General's agent for implementation of HQ USAF/SG approved and directed policies, studies, and management/administrative research.

3. Performs studies and research in support of development and implementation of HQ USAF/SG policies.

Air Force Service Information And News Center (AFSINC)

Mission: The Center provides Air Force-wide services to help Air Force commanders in carrying out their missions by planning and executing the US Air Force Internal Information program.



*The
Organizational Doctrine
and Procedural Concepts
of the Air Staff*

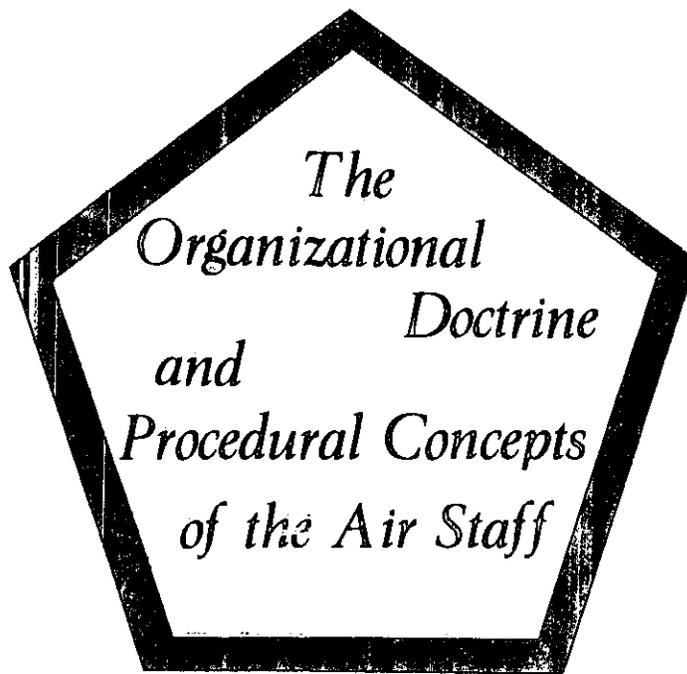
DEPARTMENT OF THE AIR FORCE

HP 20-1
14 November 1980

The Air Staff

The Air Staff, by law, consists of the Chief of Staff, the Vice Chief, not more than five Deputy Chiefs of Staff, and other military and civilian personnel assigned under directives issued by higher authorities.

This pamphlet confines its primary discussion to Air Staff organizational doctrine and operational procedures.



HEADQUARTERS USAF
1980

Supersedes HP 20-1, 28 March 1977. (See signature page for summary of changes.)

No. of Printed Pages: 18

OPR: HQ 1947 ASG/DMPM (Maj K. L. Ahl)

Approved by: HQ USAF/DA (Col Van L. Crawford, Jr.)

Writer-Editor: M. M. Green

DEPARTMENT OF THE AIR FORCE
OFFICE OF THE CHIEF OF STAFF
UNITED STATES AIR FORCE
WASHINGTON, D.C. 20330



FOREWORD

This pamphlet is a reference document that explains basic Air Staff organization and procedures.

The principles addressed have proved to be most useful in the conduct of Air Staff business. Adherence to these principles will aid in improving communication, easing coordination, helping our decision making, and fostering unity of purpose and understanding.

A handwritten signature in cursive script, appearing to read "M. L. Boswell".

M. L. BOSWELL, Lt General, USAF
Assistant Vice Chief of Staff

	Page
Introduction	v
Section One—The Air Staff Under the Law	1
Section Two—Organization Objectives and Principles	1
Section Three—How We are Organized	2
Section Four—Air Staff Methods	5
Section Five—Secretary of the Air Force	11
Section Six—External Relationships	11
Section Seven—Conclusion	12
 Figures	
1. The Air Staff Role	2
2. Integrated Staff Concept	3
3. A Schematic of Workload Relationships	4
4. The Air Force Board Structure	6
5. The Air Staff Board	7
6. Sample Air Staff Organization for Air Force Reserve Training Program	8
7. New OPR and OCR Organization Structure	9
8. Sample OPR and OCR Relationship for JCS Action	9
9. Organization for Staffing JCS Actions	10

INTRODUCTION

This pamphlet discusses the three basic elements of Air Staff organization.

- its legal basis.
- the philosophy, based on the legal charter, that guides it.
- the rules that guide members in their daily jobs.

Many readers have had previous Air Staff duty or background in staff work. For them, this pamphlet is a refresher. For officers without Air Staff experience, it provides helpful insight. It does not provide instructions for solving specific problems. This is done in Air Staff standard directives and Headquarters Operating Instructions (HOIs).

SECTION ONE—THE AIR STAFF UNDER THE LAW

The National Security Act of 1947 is the legal basis for the US Air Force. It made the Air Force an agency of the Department of Defense (DOD). The law is discussed in title 10 U.S.C., sections 8011 through 8079.

The DOD Reorganization Act of 1958 removed the Air Force from the chain of operational command. Its mission now is to organize, train, equip, and support the combat forces in the unified and specified commands. The unified

and specified commanders report to the President and the Secretary of Defense, through the Joint Chiefs. In brief, the act left the Air Force the job of resource management and maintenance of combat readiness.

Air Staff members must be familiar with title 10 U.S.C. The Air Force sections are in one volume in the Pentagon library.

SECTION TWO—ORGANIZATION OBJECTIVES AND PRINCIPLES

The Air Force organizational objectives and principles are in AFR 26-2. The Air Staff uses five other principles to guide it.

The principles are functionality, integration, flexibility, simplicity, and decentralization.

Functionality

Jobs are based on well explained specialties.

Organization charts and job descriptions help each member know what he or she must do.

Integration

Air Staff offices depend on one another; therefore, many tasks must be molded into a single management system. Integration helps managers at all levels make decisions.

Flexibility

Flexibility lets the Air Staff respond to change. It also helps to rid us of out-of-date functions and procedures. Flexibility implies that we question old ways.

Simplicity

Simplicity means clear lines of authority, distinct assignment of responsibilities, and a staff large enough for the mission, but no larger. It is the opposite of over-organization.

Decentralization

Decisions are made at the lowest level possible. Today's

defense problems demand centralized control at the top, but jobs must be performed at lower levels.

THE AIR STAFF'S ROLE

The Air Staff should retain only jobs that:

- cannot be delegated or decentralized because of law;
- the Secretary of the Air Force and the Chief of Staff need to supervise the Air Force;
- the Chief of Staff needs to represent the Air Force in the Joint Chiefs of Staff (JCS);

- are needed to respond to the Secretary of Defense;
- are required to shape the Air Force of the future.

The Air Staff role (figure 1) is to:

- establish basic policies, programs, and priorities for the Air Force worldwide.
- provide guidance and policy to the major commands.
- analyze resource needs and expenditures.
- obtain, control, and allocate the resources (human, financial, and materiel) needed for supporting the combat forces.
- conduct inspections in the field to find deficiencies, and to make sure they are corrected.
- guide the development, production, and use of Air Force systems.

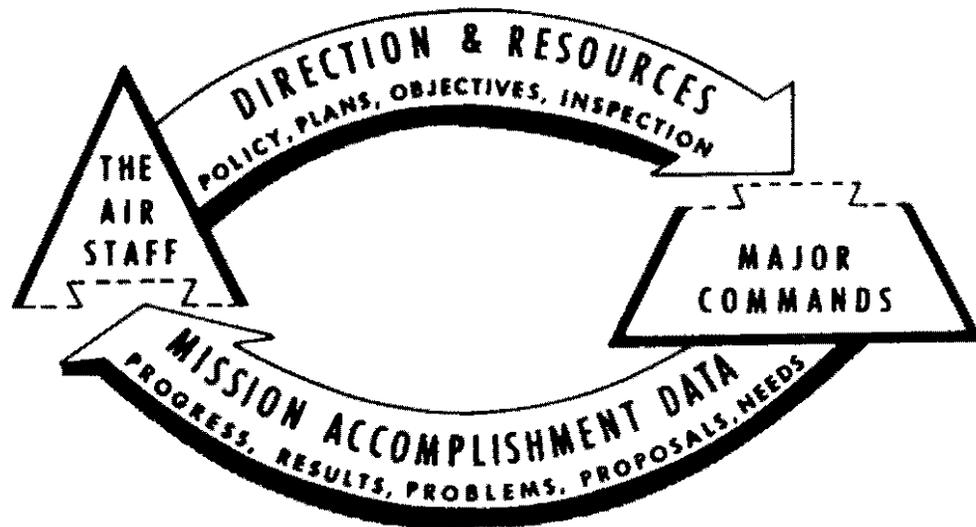


Figure 1. The Air Staff Role.

SECTION THREE—HOW WE ARE ORGANIZED

BASIC CONCEPT

The five principles mentioned in section two are basic to the "integrated staff concept." The main element is functionality.

Figure 2 shows the integrated staff concept. This structure meets legal requirements and helps the Chief of Staff complete his job.

Directorates have responsibility for day-to-day Air Staff supervision. The Deputy Chiefs of Staff provide guidance and policy for related groups of directorates.

ORGANIZATIONAL LEVELS

Each Air Staff level has a distinct relationship to the Chief of Staff and other Air Staff offices. They are the:

- Chief of Staff and Vice Chief of Staff (including the Assistant Vice Chief of Staff);
- Special Staff Offices;
- Deputy Chiefs of Staff;
- "Assistants For";
- Directorates;
- Divisions;
- Branches; and
- Sections.

The general purpose for each level is discussed below. See HOI 21-10 for details.

Chief of Staff

The Chief of Staff is responsible to the Secretary of the Air Force for the Air Force readiness. The Vice Chief of Staff, whose duties are interchangeable according to the wishes of the Chief, helps him. The only exception is that the Chief of Staff is a member of the JCS. This job requires a special alternate, "Operations Deputy for JCS Matters." It is filled by the Deputy Chief of Staff, Operations, Plans & Readiness.

As a member of the JCS, the Chief is a prime military advisor to the President, the National Security Council, the

Secretary of Defense, and the Secretary of the Air Force.

In summary, the Chief of Staff is involved in JCS matters, with outside demands from the public, the Congress, etc. The tasks that are assigned to his position by law cannot be delegated.

Vice Chief of Staff

The Vice Chief assists the Chief of Staff, devoting most of his attention to supervising the Air Force.

He is also Chairman of the Air Force Council.

Assistant Vice Chief of Staff

The Assistant Vice Chief of Staff supervises and makes sure that the Air Staff operates smoothly. He makes decisions delegated to him by the Vice Chief, signs communications, and resolves differences within the Air Staff. He is a member of the Air Force Council. The Director of Administration helps the Assistant Vice Chief and is also responsible for worldwide administrative policies, procedures, and programs. Figure 2 shows the special placement of this official.

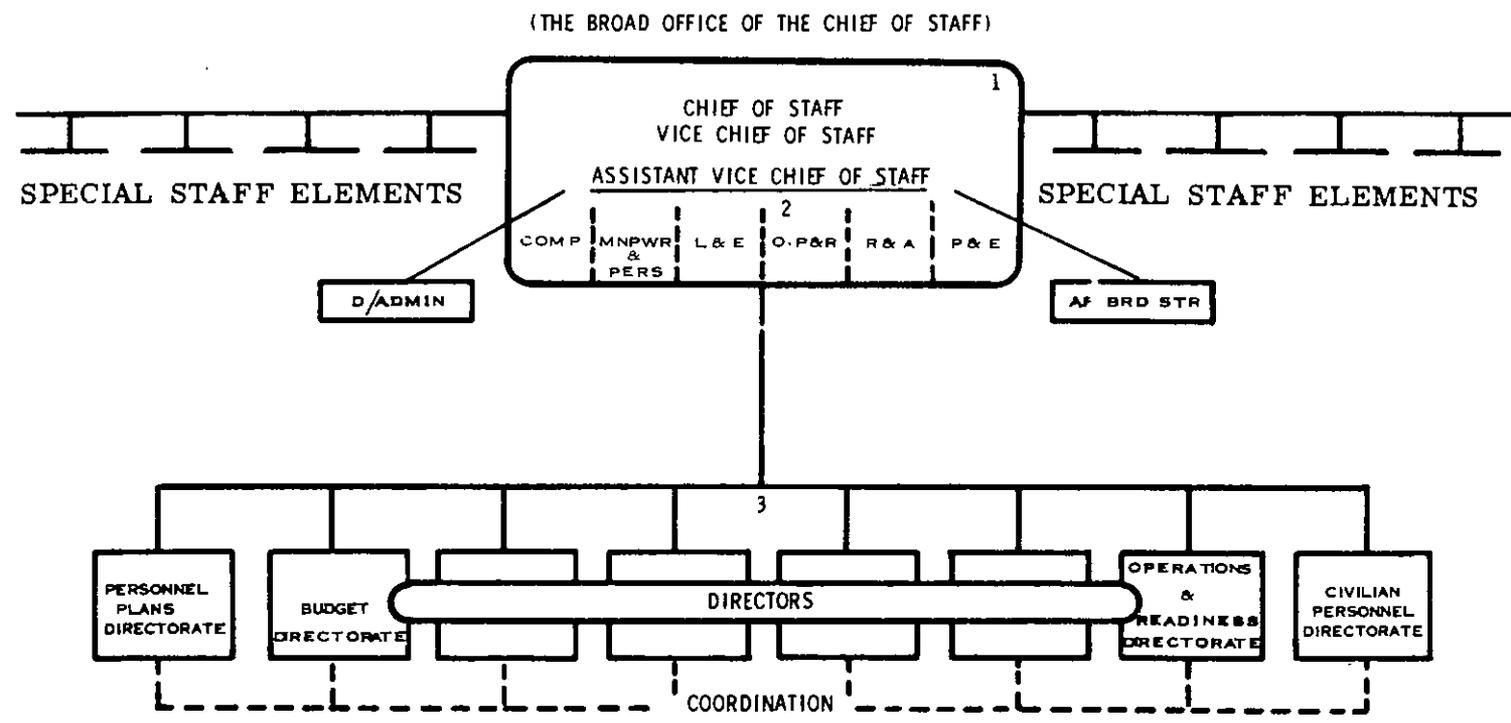
The office that the Chief, the Vice Chief, and the Assistant Vice Chief of Staff occupy is known as the Office of the Chief of Staff (AF/CC).

Deputy Chiefs of Staff

The law allows "no more than five Deputy Chiefs of Staff." They are Deputy Chief of Staff (DCS):

- Manpower and Personnel;
- Operations, Plans, and Readiness;
- Programs and Evaluation;
- Research, Development and Acquisition; and
- Logistics and Engineering.

The Deputy Chiefs of Staff (DCSs), including the Comptroller, are mostly policy level coordinators. They are not primarily heads of organizations. They make broad policy, and "Chief of Staff decisions" within their areas of responsibility. They also make sure that their deputates coordinate with other deputates.



NOTE: This figure shows Air Staff relationships. It is not meant as an official organization chart. The charts of the Office of the Secretary, the Air Staff, and the Air Force Board Structure are shown in HP 21-1, DAF Organization and Functions Chartbook.

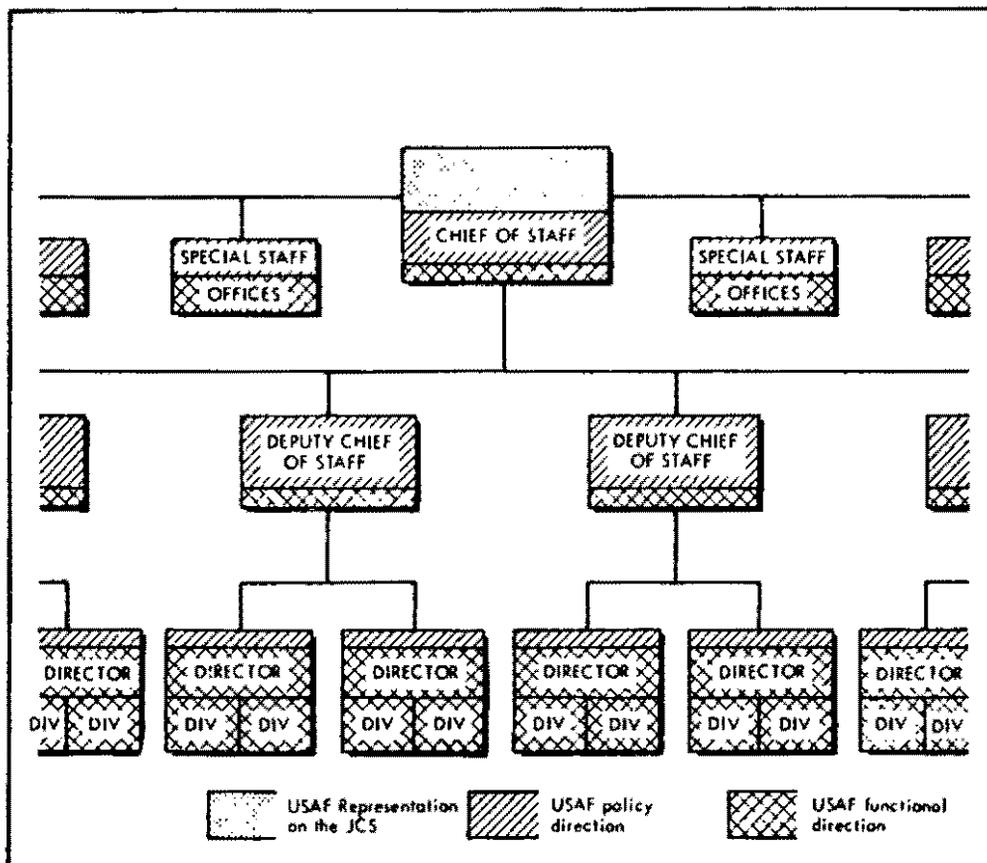


Figure 3. A Schematic of Workload Relationships.

A deputy may refer a matter to the Chief or the Secretary for final resolution. He may also ask the Air Force Council (AFC) to review it.

The Air Staff organization chart shows the deputies' offices between the Chief of Staff and the directors. These offices are not a strict channel of communication (for example, the Chief of Staff's written directives to the Air Staff addressed "TO DEPUTIES, DIRECTORS, AND CHIEFS OF COMPARABLE OFFICES").

Special Staff Components

These offices are adjuncts to the Office of the Chief of Staff, independent of the basic staff structure, and responsible directly to the Chief. They advise and support the Chief of Staff and the Air Staff. They also help the Chief make policy and supervise Air Force activities within their specialties. Special Staffs are sometimes thought of as directorates, but they have neither the stature nor the intrastaff relationships. Their chiefs are similar to both the DCS and the director. Like the deputies, they advise both the Chief of Staff and their subordinate elements. Like the directors, they run their elements. Special Staff Offices include:

- Assistant Chief of Staff/Intelligence
- Assistant Chief of Staff/Studies & Analyses
- Surgeon General
- The Judge Advocate General
- The Inspector General

- Chief of Air Force Reserve
- Chief of Chaplains
- Chief, National Guard Bureau

Assistant For

An "Assistant For" is part of a DCS. It has a mission that needs temporary emphasis, or is unique and concerns all of the DCS.

Directors

Directorates provide functional management. They make policy, review effectiveness, and determine requirements (manpower, financial, and materiel). They also establish priorities, issue guidance, and develop plans, programs, and budgets.

Since one directorate is seldom able to do the whole job, the Air Staff uses an office of primary responsibility (OPR) and an office (or offices) of collateral responsibility (OCR). The OPR has overall task responsibility. He or she gets help from the OCR (or OCRs). This procedure is explained in section four.

Directors refer only the most important matters to higher levels.

Divisions and Branches

Divisions and branches are formed according to HOI 21-10. As a rule, divisions have 20 or more people. They can be subdivided into branches of 10 or more people. Divisions

may also remain "unstructured." The unstructured division is used in organizations where branches are too small to justify their own overhead.

Air Force Board Structure

Functional staff officials make decisions. However, Air Force complexity has made it necessary to form corporate groups to give advice. These groups include the AFC, the Air Staff Board (ASB), and the committees and panels of the ASB. Figure 4 shows how these groups relate to each other and the functional staff. Two additional corporate groups, the Air Force Policy Council and the Secretary of the Air Force Program Reviews, are discussed in section five.

Air Force Council (AFC)

The AFC advises the Chief of Staff on major matters. It reviews proposals and recommends preferred courses of action. It may refer questions to the Air Staff Board for study or to a DCS or comparable level for further action. The AFC reviews presentations scheduled for Secretary of the Air Force Program Reviews. Membership includes:

- Vice Chief of Staff, USAF (Chairperson)
- Assistant Vice Chief of Staff
- Comptroller of the Air Force
- The Inspector General
- Surgeon General
- Deputy Chief of Staff, Logistics & Engineering
- Deputy Chief of Staff, Manpower & Personnel
- Deputy Chief of Staff, Operations, Plans & Readiness
- Deputy Chief of Staff, Programs & Evaluation
- Deputy Chief of Staff, Research, Development & Acquisition
- Executive Secretary

The Air Staff Board (ASB)

The ASB reviews, evaluates, and makes recommendations on major Air Force objectives, tasks, and programs. It gives advice at the director level and expedites coordination of complex issues. The ASB may refer an issue to the AFC, a

director, or one of its subelements. Membership includes:

- Director of Programs (Chairperson)
- Director of Budget
- Director of Logistics Plans & Programs
- Director of Medical Plans & Resources
- Director of Operational Requirements
- Director of Personnel Programs
- Director of Plans
- ASC/Studies & Analyses
- Executive Secretary

The ASB has three committees and 13 panels (figure 5). They are:

- a. Force Structure Committee. Projects critical enemy strengths and recommends the composition of forces required.
- b. Program Review Committee. Analyzes the impact of resource limitations on major programs.
- c. Security Assistance Committee. Makes recommendations regarding the release of Air Force resources under the Foreign Military Sales program.
- d. Panels. Study and recommend Air Force programs within their specialty. (See figure 5 for subject areas.)

Director, Air Force Board Structure

The Director of the Air Force Board Structure provides administrative support to all elements of the Board Structure. The Vice Chief of Staff supervises the Director.

Summary

The Air Force Board Structure organization is in HP 21-1. The official relationships, responsibilities, procedures, and composition of these groups are covered in HOI 21-18. Air Staff personnel must be familiar with HOI 21-18 and understand that:

- Corporate groups do not make decisions—they make recommendations only.
- Corporate groups do not operate externally—all of their relationships are internal to the Secretary of the Air Force or the Air Staff.

SECTION FOUR—AIR STAFF METHODS

Air Staff action officers must rely on each other. This interdependence does not subordinate an individual. It helps staff officers do their jobs and reach goals more easily.

Air Staff methods assign one office the primary responsibility for each task, regardless of how many offices may be involved. The responsible office deals with the total Air Staff on the matter. It is the office of primary responsibility (OPR). An office is automatically the OPR for tasks that involve its assigned function. When there is no clear functional interest, the Chief of Staff's office assigns an OPR.

The office of collateral responsibility (OCR) is an Air Staff office that has less interest in a specific task. When an office becomes an OCR, it must assist the OPR.

The OPR and OCR concept helps assign responsibility and clarifies working relationships.

Procedures

The examples below show how the OPR or OCR concept works. Example 1 shows the procedures used to "staff" an

Air Force plan, and example 2 shows how the OPR and OCR relationship can shift. It also shows how the Air Staff supports the Secretary of the Air Force and the Chief of Staff. Example 3 shows how JCS matters are staffed and the Chief of Staff is supported in his role as a member of the Joint Chiefs of Staff.

Example 1. Suppose the Air Staff is making plans for a new training program for the Air Force Reserve. Figure 6 outlines how the Air Staff would organize to staff such a program.

It is an Air Force Reserve program, so the office of the Chief of the Air Force Reserve is the OPR. The OPR must:

- a. Take action to prepare the program.
- b. Get the assistance from OCRs.
- c. Staff a "Chief of Staff viewpoint" for the program. As OCR in this example:
 - a. The Budget Directorate must review funding action.
 - b. Supply must issue guidance to support the proposed program.

THE AIR FORCE BOARD STRUCTURE

FUNCTIONAL STAFF

CORPORATE GROUPS

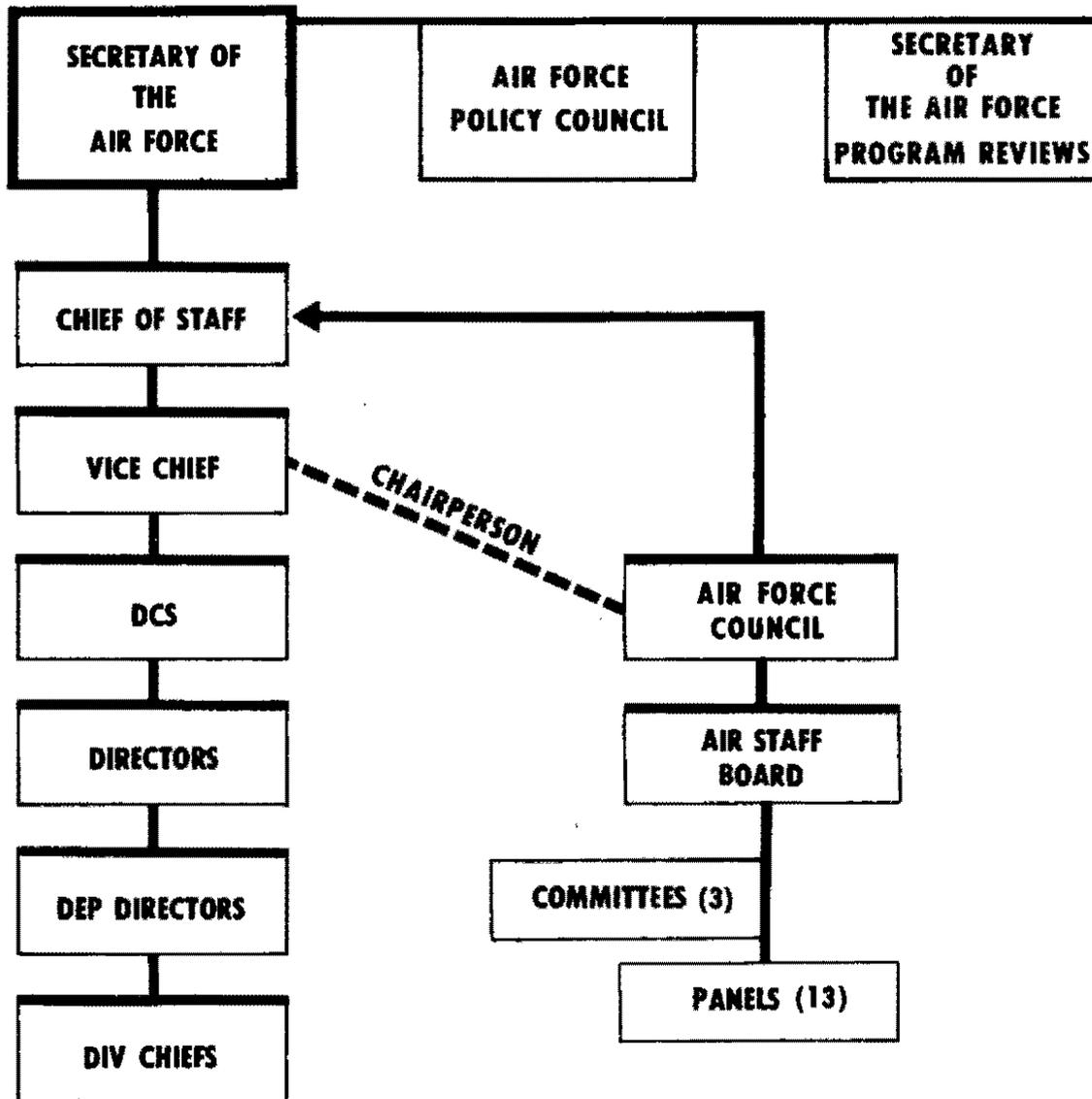


Figure 4. The Air Force Board Structure.

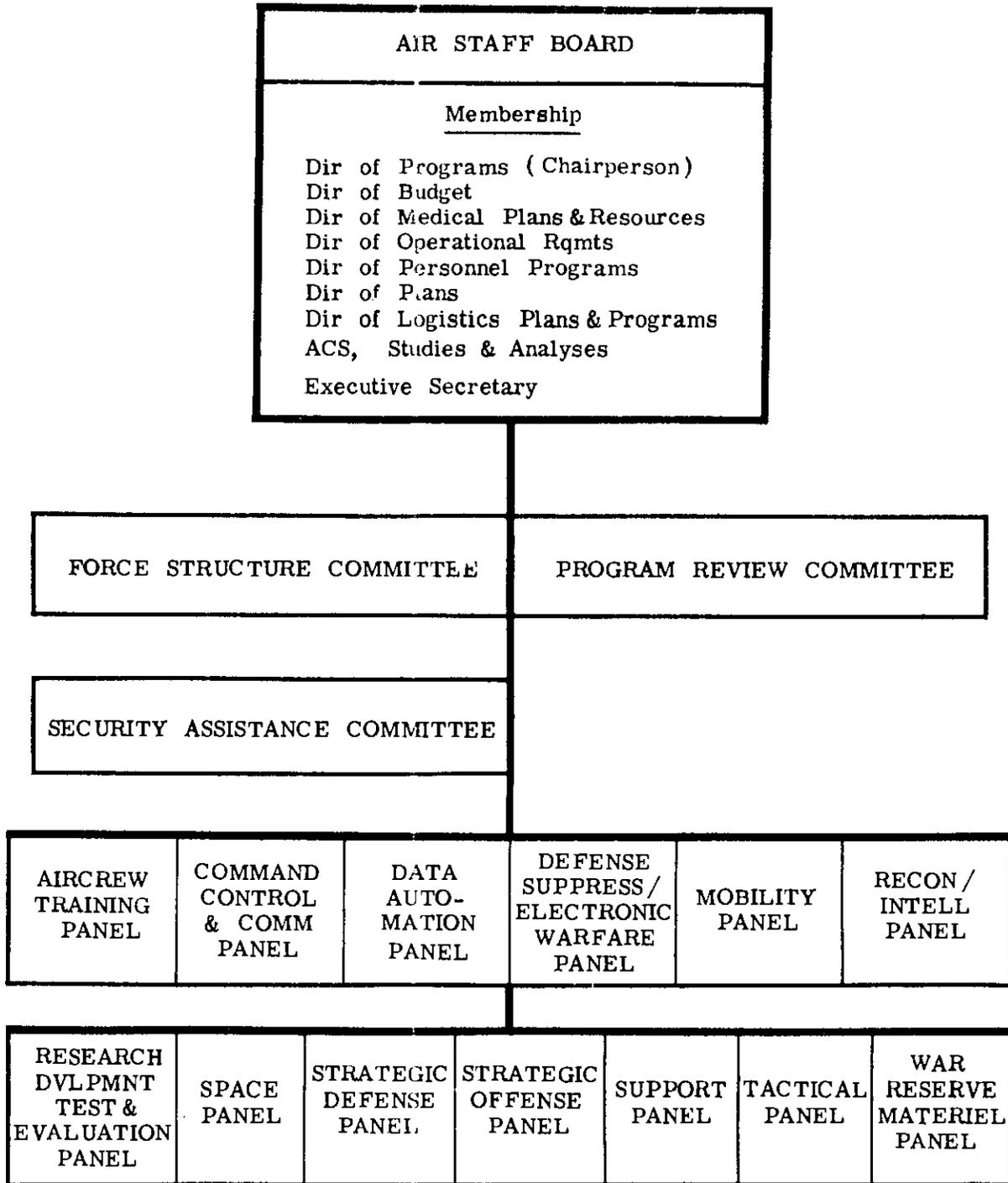


Figure 5. The Air Staff Board.

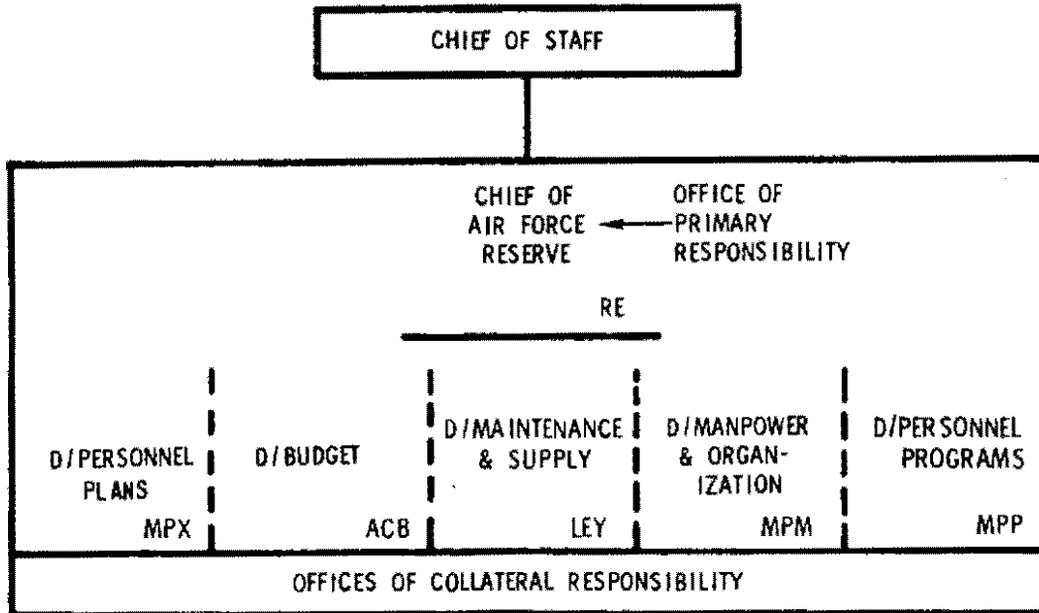


Figure 6. Sample Air Staff Organization for Air Force Reserve Training Program.

c. Manpower and Organization must review manpower requirements, allocate manpower, and plan the organization.

d. Personnel Plans must review long-range Air Force personnel and training objectives.

The number of OCRs varies from problem to problem.

If a program is simple, it could be put in effect by a division chief. In this example, the program is nationwide in scope. Also, reserve matters are of concern to the public, Congress, national organizations, and the states. So, the division chief would submit the plan to the Chief of Air Force Reserve for approval. Any one of the three following officials could approve the program: the Chief of Air Force Reserve, the Vice Chief of Staff, or the Chief of Staff.

Example 2. If a new DOD directive is issued while the proposed program is being staffed, it affects the kinds of equipment used to train reservists. Therefore, the Directorate of Maintenance and Supply, AF/LEY, would become OPR. AF/LEY would review the program and revise it in line with the new directive. It would then recoordinate it among all concerned staff elements. Figure 7 shows the new OPR and OCR line-up.

The Air Staff may become involved in JCS actions in many ways. For example, a study may be proposed by some element of the Joint Staff; the Secretary of Defense may request a JCS position; and a military service or unified or specified command may propose a program to the JCS. Many of these actions are done without a formal report to the JCS; however, an action may result in a report for the JCS by the "flimsy-buff-green" process. This is a staffing pattern that will be explained as we go along. It usually involves the Air Staff and the Chief of Staff. The Deputy Chief of Staff, Operations, Plans & Readiness (AF/XO) is the single point of contact within the Air Staff for all JCS matters. The Assistant Director of Plans for Joint and NSC Matters (AF/XOXJ) is designated the focal point (guidance on matters under JCS consideration is in HOI 11-68).

The next example shows the Chief of Staff support, as a

member of the JCS.

Example 3. If the Secretary of Defense should ask for a JCS position on whether the armed forces should adopt a standard aircraft hangar that would come in three sizes from off-the-shelf blueprints, the Director, Joint Staff, would ask the responsible Joint Staff Directorate to prepare a staffed paper. In this example, the Logistics Directorate (J-4) receives the action. Figure 8 shows the OPR and OCR relationships.

The Director of Engineering and Services (AF/LEE), who is responsible for building specifications and standards, is the Air Staff OPR. The Director of Operations and Readiness is OCR because of the responsibility for proper shelter for "alert" aircraft. The Director of Maintenance and Supply is OCR because of the responsibility for aircraft maintenance throughout the Air Force. The Director of Budget is concerned about cost.

First, a preliminary, informal draft report must be developed. The J-4 Action Officer does this. This first JCS report is called a "flimsy." The Air Staff Action Officer (AO) assigned to the OPR helps write the flimsy.

After the J-4 Director approves the flimsy, it is published as a "buff." The Air Staff AO must now write a formal Air Staff position on the "buff." To do this, the AO coordinates with all interested Air Staff agencies.

The "buff" may not conflict with previous JCS positions, may not be important enough to require the attention of the JCS, and may be concurred in by all services. If so, the Joint Staff can carry out the action in the name of the JCS. If a service position disagrees with the "buff," the "planners" (senior officer from the services and the Joint Staff) try to negotiate. The objective is to produce a coordinated report that can turn "green." If the planners cannot reach an agreed position, the service (or services) still disagreeing must submit a formal statement of nonconcurrence (SONC). The SONC is appended to the "green." Both are sent for JCS consideration (see figure 9).

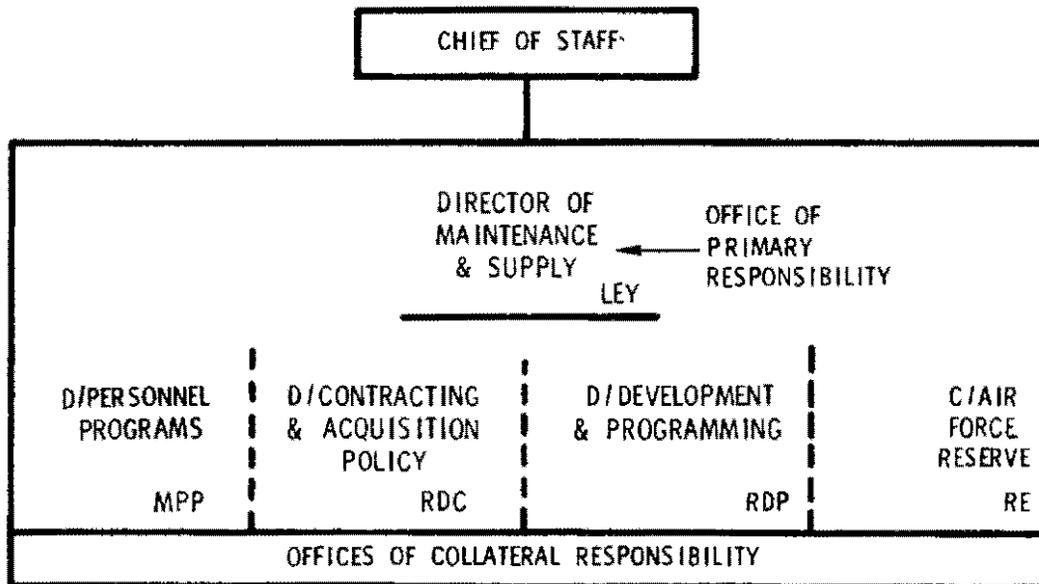


Figure 7. New OPR and OCR Organizational Structure.

Thorough staff work is required when a service nonconcurs. Research, staff study, discussion, and briefings give the Chief of Staff, the Deputy Chief of Staff/Operations, Plans and Readiness, and the Director of Plans the reason the Air Force nonconcurs. They also learn the disadvantages or shortcomings of the Joint Staff paper. "Air Staff coordination on joint matters normally takes precedence over other duties" according to HOI 11-68.

Teamwork

Most Air Staff work involves more than one office. Staff officers must function as a team, with the OPR acting as "team captain."

Coordination

Coordination promotes integration within the Air Staff. To be successful, action officers must coordinate at the lowest level which has enough information to act on the matter. They must also determine which staff offices have an interest and make sure that all are included in coordination. An OCR must advise the OPR of other offices with secondary interest.

ACCEPTED WAYS OF DOING BUSINESS ON THE AIR STAFF

Smooth Air Staff operation depends on certain ways of doing business.

The coordination process in the Air Staff is described in HOI 11-2.

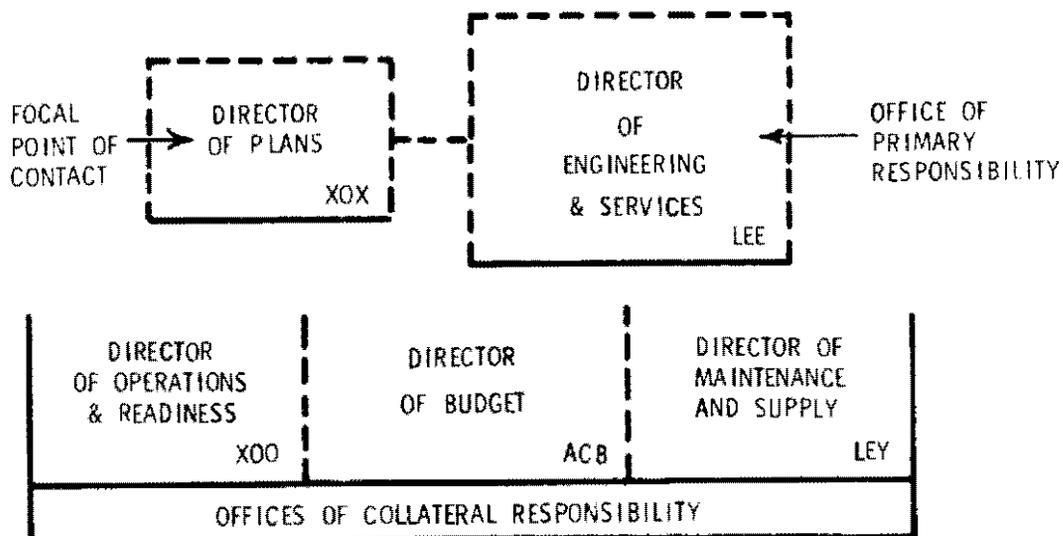
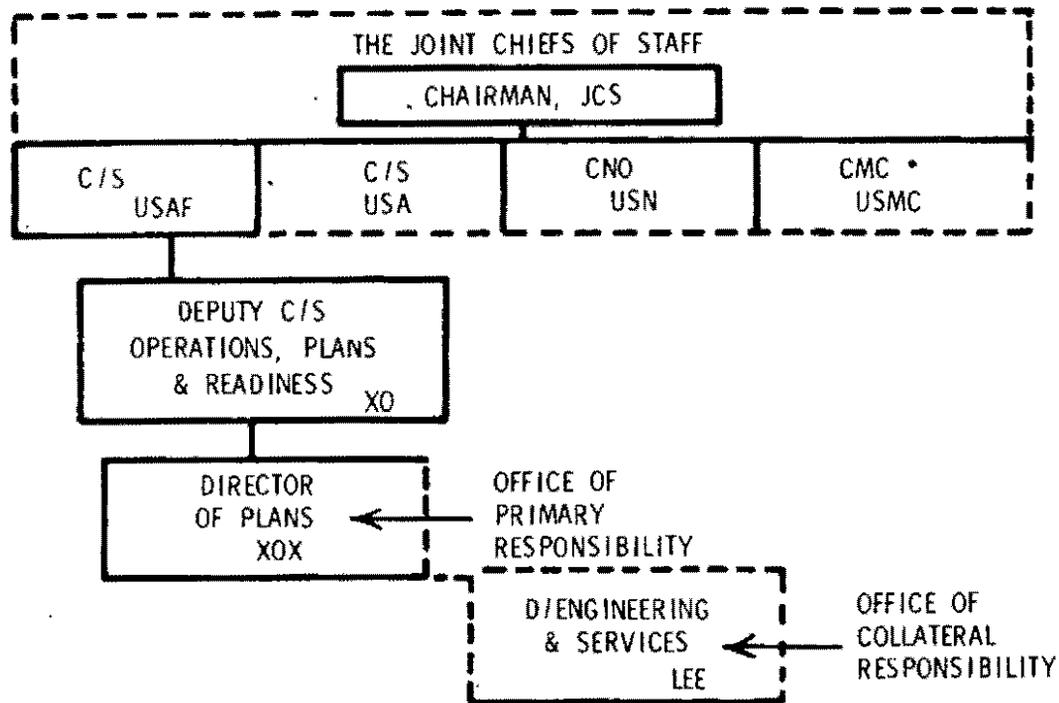


Figure 8. Sample OPR and OCR Relationship for JCS Action.



* A voting member of the JCS on items of direct interest to the Marine Corps.

Figure 9. Organization for Staffing JCS Actions.

Delegation of Authority

Delegation of authority is basic to decentralization. It applies to both Air Staff management and Air Staff or major command problems. Delegation of authority allows action to be completed at the lowest possible level. Guidance on delegating the authority to sign correspondence is in HOI 11-1.

Disagreement and Nonconurrence

Disagreement is bound to occur. Differences of opinion on major policy are healthy. However, internal disagreement should not be disclosed outside the Air Staff.

When an office nonconcurr, the OPR must make every effort to resolve the differences. If the disagreement cannot be resolved, the OPR should send the proposal, and all facts of the nonconurrence, to the proper level for decision. A nonconcurring official must never detain a staff paper. The OPR must make sure that a paper is staffed with dispatch, even if there are nonconurrences. After a decision has been made, all concerned must support its implementation.

Cross Functional Help

A directorate must help other functions when necessary. For example, the Directorate of Manpower and Organization (AF/MPM) is OPR for organization throughout the Air Force. AF/MPM has the talent and resources peculiar to this function. The Director, therefore, cannot ask another staff element to make a detailed organizational plan without offering assistance. AF/MPM experts should work with the other office to develop a total "Chief of Staff" position.

Support Services

Directorates must use central support services. Central

support must not be duplicated.

Internal Air Force Relationships

Talk with field activities freely, but always with a "Chief of Staff viewpoint." Confine communication through technical channels (direct contact with counterparts at lower Air Force echelons) to advise, assist, or exchange information. Always communicate policy, for the Chief of Staff, through command channels.

The commander of each field organization is responsible for its activities. Staff members are responsible to the commander, not their counterparts on the Air Staff. Air Force field commanders are responsible to the Chief of Staff.

Communications

The Chief of Staff cannot sign all Air Staff communications. Staff officers who are authorized to sign communications do so as agents.

Decentralization of authority requires that all staff officers keep current on the status of important Air Staff proposals, problems, and positions.

The "Daily Staff Digest" is a tool that moves information both laterally and vertically within the Air Staff.

Summary

The Air Staff method provides:

- A way of doing business (OPR or OCR) that is used in all staff actions.
- A single manager responsible for each staff transaction.
- A means of coordinating staff actions with ease and dispatch.
- Rapid communication up, down, and across the Air

Staff.

- e. A means for resolving honest differences of opinion.
- f. Cross-functional help.

- g. The "Chief of Staff Viewpoint" in all relationships.
- h. Freedom to communicate freely while maintaining unity of command.

SECTION FIVE—SECRETARY OF THE AIR FORCE

The Office of the Secretary of the Air Force (OSAF) and the Air Staff are the executive part of the Department of the Air Force.

The Office

The Secretary's responsibilities are shared by the immediate staff. The law provides an Under Secretary and ~~up to four~~ **THREE** Assistant Secretaries. They are appointed by the President, with advice and consent of the Senate. There are Assistant Secretaries for Financial Management; Manpower, Reserve Affairs & Installations; and Research, Development & Logistics. OSAF also includes:

- The General Counsel
- Office of Space Systems
- Office of Legislative Liaison
- Office of Public Affairs
- Administrative Assistant

The office is organized in a functional manner.

The Secretary's policy requires that the Air Staff be used to the maximum, which prepares background data, analyses, and alternatives on studies and responses for OSAF and Office of the Secretary of Defense (OSD).

The Secretary personally supervises activities that have vital relationships with the Congress, the Secretary of Defense, other government officials, and the public. The Secretary delegates authority for other matters to civilian assistants and the Chief of Staff. The Secretary's relationships with the Air Staff is limited to broad policy, plans, and programs.

The Under Secretary may act as Secretary during the Secretary's absence and is therefore kept fully informed on all matters. If the Secretary wishes, the Under Secretary and the other principal civilian assistants deal directly with the Air Staff.

Key members of the Air Staff have a day-to-day relationship with these officials. The Comptroller of the Air Force has a very close relationship because of the unique legal position (10 U.S.C., Section 8014).

The Secretary or the assistants help present Air Force proposals to the Secretary of Defense, the Congress, and the public. They also help interpret the views and objectives of the Secretary of Defense to the Air Force.

Staff officers may submit routine information to OSAF personnel, but major policy matters must be processed through AF/CC.

There are detailed instructions for submitting paperwork and presenting oral briefings to OSAF. They are in HOIs 10-2 and 11-24.

Two corporate groups of the Air Force Board Structure support the Secretary of the Air Force.

The Air Force Policy Council (AFPC)

The AFPC helps the Secretary of the Air Force resolve

policy questions. It complements the other services' policy groups, and supports the DOD Armed Forces Policy Council. Membership includes:

- Secretary of the Air Force (Chairperson)
- Chief of Staff, USAF
- Under Secretary of the Air Force
- Vice Chief of Staff, USAF
- Asst Secretary, Financial Management
- Asst Secretary, Manpower, Reserve Affairs, & Installations
- Asst Secretary, Research, Development & Logistics
- Asst Vice Chief of Staff, USAF
- Comptroller of the Air Force
- Dep Chief of Staff, Logistics & Engineering
- Dep Chief of Staff, Manpower & Personnel
- Dep Chief of Staff, Operations, Plans & Readiness
- Dep Chief of Staff, Programs & Evaluation
- Dep Chief of Staff, Research, Development & Acquisition
- The General Counsel
- Executive Secretary

Secretary of the Air Force Program Reviews (SPR)

This group provides the Secretary of the Air Force with an in-depth evaluation of selected major systems. It reviews all aspects of program development. Authorized attendees are as follows:

- Secretary of the Air Force
- Chief of Staff, USAF
- Under Secretary of the Air Force
- Vice Chief of Staff, USAF
- Commander, Air Force Systems Command
- Commander, Air Force Logistics Command
- Asst Secretary, Financial Management
- Asst Secretary, Manpower, Reserve Affairs & Installations
- Asst Secretary, Research, Development & Logistics
- Comptroller of the Air Force
- Dep Chief of Staff, Operations, Plans & Readiness
- Dep Chief of Staff, Programs & Evaluation
- Dep Chief of Staff, Research, Development & Acquisition
- Dep Chief of Staff, Logistics & Engineering
- The General Counsel
- Director of Public Affairs
- Director of Legislative Liaison
- The Chief Scientist
- Director of Air Force Board Structure
- Executive Secretary
- Program Managers
- Program Element Monitors (PEMs)
- AFSC Systems Officer & A System Program Office (SPO) Officer

SECTION SIX—EXTERNAL RELATIONSHIPS

Secretary of Defense

DOD is part of the Executive Branch of the federal government. It consists of the OSD, the JCS and Joint Staff,

and the three military departments (including the Marine Corps). The unified and specified commands and the Defense agencies are also a part of DOD.

Routine information can be circulated between members of the Air Staff, OSAF, and OSD. Orders are always issued from OSD through the Secretary of the Air Force and the Chief of Staff to the Air Staff. The Air Staff responds to OSD through the same channels, except the Director of Research and Engineering, OSD.

The Director may issue orders direct to the military departments and also direct (R&E) activities that require centralized control (10 U.S.C., section 135). This includes assigning such activities among the three departments.

Instructions for submitting paperwork and presenting oral briefings to the Secretary of Defense (including correspondence for signature) are the same as for the Secretary of the Air Force (see HOIs 10-2 and 11-24).

Staff studies and proposals that are sent to OSD must be prepared according to HOI 10-8. Studies that may change an Air Force program are prepared according to HOI 28-5.

Joint Chiefs of Staff (JCS)

Unified and specified commanders receive combat orders from the President, through the Secretary of Defense and the JCS. Such orders are issued only by the President or the Secretary of Defense. The military departments are not included in the chain of command.

Air Staff relationships with the JCS and Joint Staff are

explained in section four, example 3.

Defense Agencies

The Defense Nuclear, Defense Communications, Defense Mapping, and Defense Intelligence Agencies support all military departments. Their heads report to the Secretary of Defense, through JCS. All other agency heads report to the Secretary.

Air Staff contact with Defense agencies is like contact with the Office of the Secretary of Defense. There are focal points within the Air Staff for each agency—for example, the Assistant Chief of Staff/Intelligence is the focal point for actions with Defense Intelligence Agency (DIA).

Others

We do business with other agencies and organizations that are not mentioned in this pamphlet. However, the proper channel for all Air Staff:

a. Budget matters with the Office of Management and Budget, the Congress, and OSD is done through the Director of Budget. Instructions are in HOI 172-4.

b. Legislative liaison matters that relate to OSD or the Congress is through the Director of Legislative Liaison, OSAF. Procedures are in HOI 11-30.

SECTION SEVEN—CONCLUSION

Staff officers are assigned to all levels of the Air Staff. They must be objective when preparing staff studies for their superiors, and loyal in supporting the policies of the Secretary of the Air Force and Chief of Staff. Effective staff officers must be skilled and confident within their assigned function and helpful as team members.

Chiefs of Air Staff offices depend on their staffs to present completed staff work. Their time should be free of details and routine actions so that they can consider important decisions.

Staff work is complete when it includes the study of a problem, the presentation of a solution, potential dividends, and recommended action. In some circumstances, which are spelled out in HOI 10-8, completed staff work calls for optional solutions. The solution or proposal is presented in a complete "package"—not in piecemeal fashion.

Guidance is important. Seek it when you are in doubt about instructions. When the assignment is clear, don't expect the Chief to provide answers. This is the staff officer's job. Ask advice only when a complete turnabout occurs or you are faced with an exception to a well established norm.

This does not mean that the action officer can't present a rough draft of a paper. It does preclude "half-baked" ideas. A draft should be logical, objective, and complete in every respect. Never use a draft to shift the burden of solving the problem to the boss.

The test of completed staff work is this: if you were the Chief, would you sign this paper and stake your reputation on it being correct? If the answer is "no," rework the paper until it is complete.

Finally, avoid common pitfalls in your recommendations:

—don't overorganize—it wastes people.

—don't overcentralize—if a function can be carried out in the field, leave it there.

—don't use technical channels to direct action—it violates the authority of the field commanders. Use technical channels only to relay information.

—don't block communication. It hurts productivity, hinders teamwork, impairs morale, fosters misconceptions and results in Air Staff decisions based on incomplete and inadequate information.

FOR THE CHIEF OF STAFF

OFFICIAL

M. I. BOSWELL, Lt General, USAF
Assistant Vice Chief of Staff

VAN L. CRAWFORD, JR., Colonel, USAF
Director of Administration

SUMMARY OF CHANGES

This revision updates HQ USAF organizational titles and relationships.

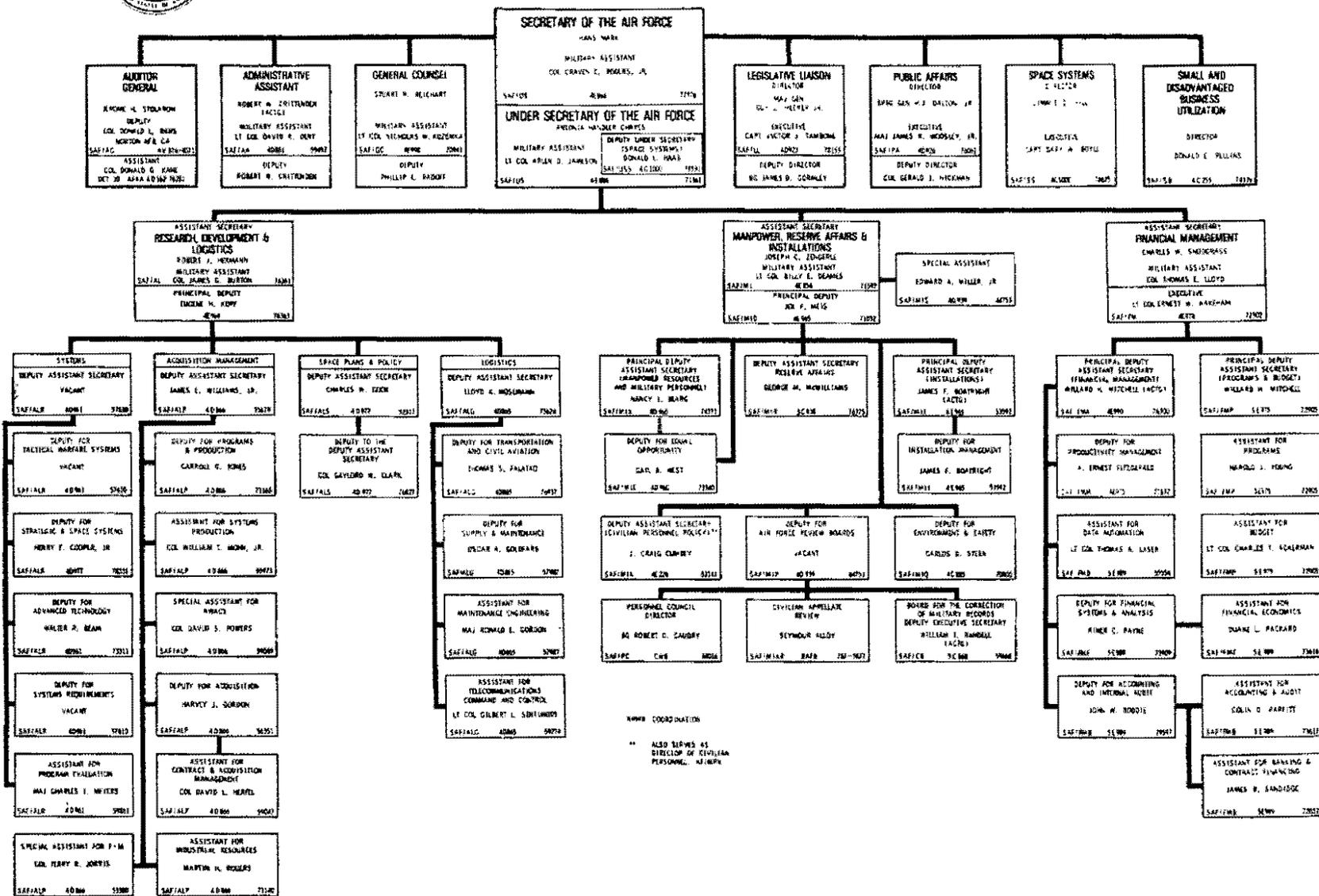
OFFICE OF THE SECRETARY OF THE AIR FORCE

OSAF Organization Chart
The Basic Statutes
The OSAF Order System
Functions of the Office of the Secretary and Assistant Secretaries
General Counsel
The Administrative Assistant
Office of Public Affairs
Office of Space Systems
Office of Legislative Liaison
Auditor General
Office of Small and Disadvantaged Business Utilization



OFFICE OF THE SECRETARY OF THE AIR FORCE

20 JUNE 1980



**ORGANIZATION AND OPERATION OF THE DEPARTMENT
OF THE AIR FORCE -- THE BASIC STATUTES**

The basis for the internal organization of the Department of the Air Force and for Air Force relationships with the Department of Defense is established by several laws of which the Air Force Organization Act of 1951 and the National Security Act of 1947, as amended, are the most important. The key provisions of those laws may be summarized as follows:

1. The Department of the Air Force is one of the three military departments within the Department of Defense, which is an executive department headed by the Secretary of Defense (10 U.S.C. §§101(5), 101(7), 131, 133).

2. The Department is separately organized under the Secretary of the Air Force and operates under the authority, direction and control of the Secretary of Defense (10 U.S.C. §8010).

3. The Secretary of the Air Force is responsible for and has the authority necessary to conduct the affairs of the Department in such manner as the President or the Secretary of Defense may prescribe, and he is responsible to the Secretary of Defense for the operation and efficiency of the Department (10 U.S.C. §8012).

4. The Chief of Staff performs his duties under the direction of the Secretary of the Air Force. He is directly responsible to the Secretary for the efficiency of the Air Force and its preparedness for military operations. He presides over the Air Staff and presents Air Staff plans and recommendations to the Secretary. After Secretarial approval he acts as agent of the Secretary in carrying them into effect (10 U.S.C. §8034).

5. The Legal Authority of the Secretary. As an official of a government of limited powers the Secretary's authority to perform an act must be grounded ultimately on a grant of authority in the Constitution or an act of Congress. The basic statutory definition of the responsibilities and authority of the Secretary of the Air Force is set forth in 10 U.S.C. §8012 which provides in part:

The Secretary is responsible for and has the authority necessary to conduct all affairs of the Department of the Air Force, including —

(1) functions necessary or appropriate for the training, operations, administration, logistical support and maintenance, welfare, preparedness, and effectiveness of the Air Force, including research and development; and

(2) such other activities as may be prescribed by the President or the Secretary of Defense as authorized by law.

There are, in addition, other statutory grants of authority for the Secretary to perform various functions. These include the statutes granting authority to procure services and supplies and to issue regulations governing the Department. The Secretary may also exercise, under an express or implied delegation, authority relating to Air Force affairs that is vested by the Constitution or statutes in the President. Numerous opinions of the courts, the Comptroller

General, and the Attorney General construe the grants of authority in the Constitution and relevant statutes, and these opinions must be taken into account in determining the extent of the authority of the Secretary to act in a particular matter. Directives issued by other agencies may also control the exercise of the authority of the Secretary, e.g., directives of the Office of Management and Budget, the Secretary of Defense, and the Office of Personnel Management.

Departmental staffing procedures are designed to ensure that before any proposal is submitted to the Secretary of the Air Force for decision, a determination has been made that the Secretary has legal authority to take the proposed action.

6. **Delegation of Authority.** The Secretary of the Air Force does not have plenary power to delegate his authority to subordinates below the Assistant Secretary level. Many statutes, however, permit the Secretary to delegate all or part of his authority with regard to specific functions. In addition, the Secretary is authorized to "assign such of his functions, powers, and duties as he considers appropriate" to the Under Secretary or an Assistant Secretary of the Air Force (10 U.S.C. §8012(c)). The functions currently assigned to the Under and Assistant Secretaries are spelled out in SAFO 100.1.

THE OSAF ORDER SYSTEM

Secretary of the Air Force Orders are formal documents by which the Secretary of the Air Force makes specific delegations and assignments of authority and responsibility. They are used in lieu of informal papers (such as memoranda) in cases where the delegations and assignments are not contained in other official publications issued by, or by order of, the Secretary. When appropriate the provisions of Secretary of the Air Force Orders will be incorporated in applicable official Air Force publications.

Secretary of the Air Force Orders will be issued over the signature of the Secretary or the statutory official in the Office of the Secretary of the Air Force having cognizance over the subject matter of such order.

Each order will be reviewed by the General Counsel of the Department of the Air Force, and any special limitations or provisions affecting the delegation will be fully stated in the published order.

The Administrative Assistant to the Secretary of the Air Force will be responsible for the administration of the Secretary of the Air Force Order system.

A current index of OSAF Orders is attached.

- INDEX -
SECRETARY OF THE AIR FORCE ORDERS

OCTOBER 1980

OPR: SAF/AA
Extension 56333

INDEX OF SAF ORDERS

<u>Number</u>	<u>Subject</u>	<u>Date</u>	<u>Office of Primary Responsibility</u>
20.1	Continuation of Official Actions	6 Apr 77	SAF/OS
20.6	Establishment of the Department of the Air Force Systems Acquisition Review Council	2 Nov 77	SAF/AL
100.1 (Interim Change)	Functions of the Secretary, Under Secretary and the Assistant Secretaries of the Air Force	11 Dec 78 27 May 77	SAF/OS
110.1	Authorities and Duties of the Administrative Assistant to the Secretary of the Air Force	17 Jul 80	SAF/OS
111.1	Functions and Duties of the General Counsel	24 May 55	SAF/GC
111.2	Civil Administration of Wake Island	19 Jun 72	SAF/GC
112.1	Organization and Functions of the Office of Legislative Liaison	5 May 80	SAF/LL
113.1	Organization and Functions of the Office of Public Affairs	23 Oct 79	SAF/PA
115.1	Organization and Functions of the Office of Space Systems	26 Jan 62	SAF/SS
116.1	The Director of Special Projects	3 Jun 80	SAF/SP
118.1	Designation of a Director of Equal Employment Opportunity	12 Aug 80	SAF/MI
125.1	Processing of Complaints Forwarded by the FAA, the National Transportation Safety Board, or the Civil Aeronautics Board, Under the Federal Aviation Act of 1958	4 Nov 71	SAF/GC
125.2	Reporting Procedures for the Inspector General	18 Jan 73	SAF/OS

<u>Number</u>	<u>Subject</u>	<u>Date</u>	<u>Office of Primary Responsibility</u>
151.1	Delegation of Authority for the Transfer of Functions Relating to Flight Inspection of Air Navigation Facilities	9 Sep 71	SAF/AL
153.1	Contract Airlift Rate Adjustment Board	10 Sep 80	SAF/AL
180.1	Supervisory Authority of the Chief of Staff, USAF	25 Nov 58	SAF/OS
221.5	Transfer of Regular and Reserve Commissioned Officers to the AF from the other Armed Services	14 Mar 75	SAF/MI
222.2	Settlement of Complaints made Pursuant to Article 138, Uniform Code of Military Justice	9 Feb 71	SAF/GC
222.3	Approval of Sentences of Dismissal of a Cadet of the Air Force Academy	21 Jun 76	SAF/MI
228.2	Decorations and Awards - Military	21 Apr 75	SAF/MI
228.3	Decorations and Awards - Civilian	27 Aug 70	SAF/AA
235.1	Marital Allowances	28 Aug 53	SAF/GC
235.4	Cost-of-living Allowances Outside the US Upon Reassignment to a Restricted Area	5 Dec 57	SAF/MI
240.8	Resignations and Applications for Release from Active Duty or for Voluntary Retirement	6 Oct 77	SAF/MI
248.1	Determination of Status of Missing and Deceased Personnel	9 Aug 67	SAF/MI
250.2	Employment of Retired Members of the Uniformed Services	29 Dec 64	SAF/MI
253.1	Correction of Certain Military Records	10 Sep 74	SAF/MI

<u>Number</u>	<u>Subject</u>	<u>Date</u>	<u>Office of Primary Responsibility</u>
285.1	Designation of Officials to Determine that Exigencies of Public Business Caused Employees to Lose Annual Leave	1 Oct 74	SAF/AA
350.3	Settlement of Claims Pertaining to Patent and Copyright Matters	3 Nov 69	SAF/GC
350.15	Authority to Take Certain Actions on Claims Due US	18 Mar 75	SAF/FM
350.16	Investigation Directed by the Special Counsel	23 Oct 79	SAF/GC
475.7	Release of Classified Information Concerning Budget Matters to Members of Appropriations Committee	29 Sep 80	SAF/FM
476.1	Delegation of Authority to Designate Original Secret Classification Authorities	20 Sep 73	SAF/OS
501.3	Appointment of the Comptroller and Deputy Comptroller	22 Aug 78	SAF/FM
502.1	Air Force Audit Agency	24 Jul 78	SAF/FM
510.2	Certification of Reports of Obligations Required by DOD Dir 7220.6	27 May 55	SAF/FM
520.12	Delegation of Certain Authorities Vested in the Secretary of the Air Force	18 Mar 75	SAF/FM

<u>Number</u>	<u>Subject</u>	<u>Date</u>	<u>Office of Primary Responsibility</u>
522.4	Certificates of Eligibility - Contract Financing (Guaranteed Loans)	28 Jul 78	SAF/AL
522.6	Contract Financing	16 May 77	SAF/FM
530.4	Contingency Funds of the Secre- tary of the Air Force	19 Nov 74	SAF/AA
550.1	Latin American Cooperation	15 Oct 70	SAF/FM
560.1	The Automated Data Processing Program	4 Dec 78	SAF/FM
606.1	Procurement of Public Utility Services	14 Sep 78	SAF/AL
615.3	Delegation of Priorities and Allocations Authorities: DO and DX Ratings, Allotment Authority and Rescheduling of Delivery Authority	15 Aug 77	SAF/AL
620.1	Providing Transportation for Personnel Attached to or Employed by the Department of the Air Force	9 Dec 57	SAF/AL
630.2	Sales of Foreign Excess Personal Property by Negotiation	16 Sep 57	SAF/AL
640.6	Air Force Gratuities Board; Dele- gation of Authority; Procedures Under Gratuities Clause	14 Sep 78	SAF/AL
640.11	Amendment of Contracts Without Consideration, Correction of Mistakes in Contracts and Formalization of Informal Commitments Under PL 85-804	14 Sep 78	SAF/AL
640.13	Approval of Selections of Archi- tect-Engineer Firms	24 Feb 64	SAF/MI
640.14	Indemnification Against Unusually Hazardous Risks Under US Code 2354	10 May 74	SAF/AL

<u>Number</u>	<u>Subject</u>	<u>Date</u>	<u>Office of Primary Responsibility</u>
650.1	Issuance of AF Supplements to the Armed Services Procurement Regulation	31 Aug 78	SAF/AL
650.2	Establishment of the Office of Small and Disadvantaged Business Utilization	18 May 79	SAF/AL
650.4	General Procurement Authority	1 Jul 78	SAF/AL
650.5	Publication of Advertisements	16 Oct 80	SAF/AL
650.6	Emergency Purchases Abroad	14 Sep 78	SAF/AL
650.7	Weight Ranges for "Contractor's Assumption of Contract Risks" Under Modified Weighted Guidelines	14 Sep 78	SAF/AL
658.1	Sec 724 of FY 73 Defense Appropriations Act (P.L. 92-570)	16 Sep 74	SAF/AL
700.4	Authorization to Acquire Land and Interest in Land Pursuant to the Act of 3 Aug 56 (70 Stat 991, 1015) as Amended by the Act of 20 Aug 58 (72 Stat 636, 662)	5 Mar 74	SAF/MI
700.5	Delegation of Authority to Approve Minor Construction Projects, Related to Family Housing, Performed Pursuant to 10 U.S.C. 2674	17 Jun 77	SAF/MI
700.6	Authority to Request Condemnation of Real Property and Execute Declarations of Taking	26 Feb 74	SAF/MI
700.7	Delegation of Authority with Respect to Repair of Real Property Facilities	17 Dec 79	SAF/MI

<u>Number</u>	<u>Subject</u>	<u>Date</u>	<u>Office of Primary Responsibility</u>
703.1	Authority to Approve Directives to the Chief of Engineers, Dept of the Army, to Acquire Leasehold Interest in Real Property (other than Industrial Real Property)	5 Mar 74	SAF/MI
703.2	Approval and Execution of Leases & Easements	5 Mar 74	SAF/MI
703.4	Authority to Approve Real Estate Acquisition Directives	5 Mar 74	SAF/MI
703.5	Leases of Real Property Under Title 10, USC, Section 2667	3 May 62	SAF/MI
703.6	Grants of Easements with Respect to Govt-owned Land Under the Jurisdiction, Custody, and Control of the Dept of the Air Force	24 Feb 64	SAF/MI
703.7	Authorization to Negotiate, Approve and Execute Leases of Real Property in Foreign Areas	23 Aug 76	SAF/MI
703.9	Delegation to the Chief of Engineers, Dept of the Army to Execute Permits to Other Federal Agencies, and Licenses to use Dept of AF Real Property	5 Jan 59	SAF/MI
703.10	Leases of Commercial Facilities Acquired Under Title 42, USC, Sec 1594a, Edwards AFB	5 Mar 74	SAF/MI
703.11	Approval & Execution of Deeds of Conveyance	22 Jul 71	SAF/MI
704.1	Delegation of Authority to Approve Exceptions to the Air Conditioning Policy	24 Jul 67	SAF/MI
704.5	Authority to Announce Determinations Pursuant to Provisions of Sec 603(b), PL 94-107 (89 Stat 563)	12 Dec 75	SAF/MI

<u>Number</u>	<u>Subject</u>	<u>Date</u>	<u>Office of Primary Responsibility</u>
705.6	Certifications - Rentals, Alterations, Improvements & Repairs of Leased Premises	5 Mar 74	SAF/MI
705.8	Authority to Approve Real Estate Directives Involving Real Property	22 Sep 69	SAF/AL
705.10	Authority for Announcement of Determinations Pursuant to Provisions of 10 USC 2674	8 Mar 79	SAF/MI
705.11	Authority to Announce Determinations Pursuant to Provisions of Sec 603(e), PL 93-552	18 Mar 75	SAF/MI
707.1	Secretarial Determination Under 23, USC, Sec 210(h), Concerning Highway Damage	24 Feb 64	SAF/MI
708.1	Real Property Maintenance & Repair Accomplished by Contract in Overseas Area	20 Dec 74	SAF/MI
709.1	Transfers of Military Real Property Pursuant to Title 10, USC, Sec 2761(a)	9 May 68	SAF/MI
714.1	Delegation of Authority with Respect to Facilities for Reserve Components of the AF	29 May 79	SAF/MI
714.2	Delegation of Authority with Respect to Approved Facilities for the Air National Guard of the US & the AF Reserve	5 Mar 74	SAF/MI
715.1	Authority to Approve Projects Involving Industrial Facilities	2 Mar 79	SAF/AL
750.2	Section 204 of FY 71 Military Procurement Authorization Act	4 May 71	SAF/AL
751.1	Authority to Make Grants and Cooperative Agreements for Basic Research and to Vest Title to Equipment Purchased Under Contracts, Grants and Cooperative Agreements	7 May 79	SAF/AL



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

HANS M. MARK

Dr. Hans M. Mark became secretary of the Air Force in July 1979. Prior to his appointment, Dr. Mark was under secretary of the Air Force.

Dr. Mark was born on June 17, 1929, in Mannheim, Germany. He came to the United States in 1940 and became a U.S. citizen in 1945. He attended primary and secondary schools in New York City, earned a bachelor of arts in physics at the University of California, Berkeley, in 1951 and his doctor of physics in 1954 from the Massachusetts Institute of Technology.

Active in teaching since 1952, Dr. Mark taught courses in physics and engineering at Boston University, the Massachusetts Institute of Technology, the University of California at Berkeley and Davis and Stanford University. Concurrently, he was active in research and held a number of administrative appointments. Following completion of his graduate studies, Dr. Mark remained at the Massachusetts Institute of Technology as a research associate and acting head of the Neutron Physics Group, Laboratory for Nuclear Science, until 1955. He then returned to the University of California as a research physicist at the Berkeley campus, then at the university's Lawrence Radiation Laboratory in Livermore, where he served until 1958.



After two years as an assistant professor of physics at the Massachusetts Institute of Technology, Dr. Mark returned to the Lawrence Radiation Laboratory in Livermore to continue physics research and to head the Laboratory's Experimental Physics Division (1960-1964). During that period he was also first an associate professor (1961-1966) and then professor of nuclear engineering (1966-1969) at the University of California's Berkeley campus. He served as chairman of the Department of Nuclear Engineering and administrator of the Berkeley Research Reactor from 1964 to 1969.

In 1969 Dr. Mark accepted the position of director of the Ames Research Center of the National Aeronautics and Space Administration. As director he managed the center's research and applications efforts in aeronautics, space science, life science and space technology. He also continued his association with the academic community, first as a lecturer in applied science at the University of California, Davis campus, from 1969 to 1973 and since 1973 as a consulting professor of engineering at Stanford University.

O V E R

(Current as of July 1979)

Dr. Mark has also been a consultant to government, industry and business. He served as a consultant for, among others, the Institute for Defense Analyses (1958-1961); the National Science Foundation (1966-1969); the U.S. Air Force Scientific Advisory Board (1969-1976); the vice president of the United States (1974-1976); The President's Advisory Group on Science and Technology (1975-1976) and the Defense Science Board (since 1975).

Dr. Mark has written extensively; his articles have appeared in a number of professional and technical journals. He also co-authored a volume on "Experiments in Modern Physics," served as co-editor of "The Properties of Matter Under Unusual Conditions," and was a co-author of "Power and Security."

His major scientific accomplishments include contributions to the precise determination of the wave lengths of nuclear gamma rays, to the development of X-ray astronomy, to various fields of nuclear instrumentation and to the development of more accurate atomic wave functions.

Dr. Mark is a member of Tau Beta Pi, Sigma Xi, Phi Beta Kappa and the National Academy of Engineering. He is a fellow of the American Physical Society and the American Institute of Aeronautics and Astronautics. He also belongs to a number of other professional associations including the American Nuclear Society, the American Geophysical Union, the American Association of University Professors and the Society for Engineering Science, of which he was a director from 1972 to 1976. Dr. Mark holds an honorary doctorate of science degree awarded in 1978 by Florida Institute of Technology.

Dr. Mark is married to the former Marion G. Thorpe. They have two children, Jane and Rufus.



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

ANTONIA HANDLER CHAYES, UNDER SECRETARY, U.S. AIR FORCE

Antonia Handler Chayes became Under Secretary of the Air Force on July 26, 1979. She is the first woman Under Secretary to serve the Armed Forces.

Ms. Chayes has been Assistant Secretary of the Air Force for Manpower, Reserve Affairs and Installations since July 1977. She has administered a military construction budget of almost \$700 million and has been actively involved in the planning and implementation of the Israeli Air Base construction program in support of the Egypt-Israel peace treaty.

At her direction, the Air Force adopted new quality of life and environmental initiatives. Chayes supervised the environmental impact analysis of the M-X missile system and alternative siting options. In order to make criteria for base closings as objective as possible, she directed the development of socio-economic models to predict and assess the impact of Air Force bases on civilian communities.



Because her office has lead responsibility for the "people issues" in the Air Force, Chayes took action to upgrade family housing and dormitory facilities for military personnel, instituted new Air Force-wide safety measures and opened the missile and aircrew operations career fields to women. Ms. Chayes initiated complete revision and reformulation of the Air Force affirmative action plans and improved appellate review procedure for EEO grievances. She played a key role in the passage of the GI Bill Improvement Act which conferred veteran status on Women Airforce Service Pilots who performed military duty during WW II but were never recognized as part of the military.

Chayes has been an articulate spokeswoman for such administration proposals as SALT II, the Panama Canal and lifting the Turkish Arms Embargo. She has participated in several initiatives to increase Japanese and German sharing of support costs of US forces overseas.

Prior to her Air Force appointment, Ms. Chayes was a partner in the Boston law firm of Csaplár and Bok. Her previous professional experience includes the Deanship of Jackson College, Tufts University where she was also an Associate Professor of Political Science. She lectured in law at Yale and Boston University Law Schools and served as Law Clerk to the Honorable Charles E. Wyzanski, Senior Judge, District of Massachusetts.

O V E R

(Current as of August 1979)

Ms. Chayes served as Director of Education and Urban Development in the Action for Boston Community Development Agency, and Liaison to the Boston Model Cities Administration from 1966 to 1968. From 1964-1965 she served as a member of the planning staff of the National Institute for Mental Health. In 1963-64 she was a Phillips Foundation Fellow in academic administration; in 1962-63 Director of the Committee on Education, President's Committee on the Status of Women; in 1961-62 a member of the White House staff; and Executive Assistant to Dean Erwin Griswold of the Harvard Law School, 1959-61.

Ms. Chayes, a native of New York City, was born on July 21, 1929. She received her A.B. from Radcliffe College of Harvard University in 1949, graduating magna cum laude with Phi Beta Kappa honors. She attended the Yale Law School from 1949 to 1951 and completed her legal education at George Washington University Law School in 1953, receiving her J.D. with highest honors.

She is a trustee of Wesleyan University, a member of the American Law Institute and the Council on Foreign Relations.

Ms. Chayes is the wife of Abram Chayes, Professor of Law at Harvard University and former Legal Adviser to the United States Department of State. The Choyes have one son and four daughters.



NO: 100.1

DATE: 27 May 1977

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Functions of the Secretary, Under Secretary and the Assistant Secretaries of the Air Force

1. The Secretary of the Air Force, pursuant to 10 U.S.C. 8012, is responsible for and has the authority necessary to conduct all affairs of the Department of the Air Force. Subject to his direction and control, the Under Secretary, and the Assistant Secretaries are authorized to act for and with the authority of the Secretary of the Air Force on any matters within the areas assigned herein. This authority extends not only to actions within the Department of the Air Force, but also to relationships and transactions with the Congress and other governmental and nongovernmental organizations and individuals.

2. Officers and officials of the Air Force will report to the Under Secretary and the Assistant Secretaries regarding matters within their respective cognizance as herein assigned.

3. Pursuant to 10 U.S.C. 8017, the Under Secretary, in the absence of the Secretary, will perform the duties of the Secretary; in the absence of the Secretary and Under Secretary, the Assistant Secretaries in order of their length of service as such will perform the duties of the Secretary.

4. The Under Secretary of the Air Force, as principal assistant to the Secretary, acts with full authority of the Secretary on all affairs of the Department. He is specifically responsible for overall direction, guidance, and supervision of space programs and space activities of the Air Force.

NO: 100.1

DATE: 27 May 1977

5. The Assistant Secretary of the Air Force (Research, Development and Logistics) is responsible for conceptual efforts on new major programs and for direction, guidance, and supervision over all matters pertaining to the formulation, review, and execution of plans, policies, and programs relative to:

- a. Scientific and technical matters;
- b. Basic and applied research, exploratory development and advanced technology;
- c. Integration of technology with, and determination of, qualitative Air Force requirements;
- d. Research, development, test and evaluation of weapons, weapon systems and defense materiel;
- e. Technical management of systems engineering and integration;
- f. Production and contract management of weapons systems;
- g. Industrial defense program;
- h. Industrial resources and preparedness;
- i. Procurement activities, including required determinations and findings, contracting, and administration and termination of contracts;
- j. Contractors' Equal Employment Opportunity Programs;
- k. Renegotiation affairs, contract appeals, and related activities;
- l. Contract Adjustment Board matters;

NO: 100.1

DATE: 27 May 1977

- m. Small business matters;
- n. International Cooperation in research, engineering, production and the Canadian Production and Development Sharing Program;
- o. Supply management, including initial and replenishment requirements determinations, storage, distribution, reutilization and disposal of all materiel;
- p. Equipment maintenance and modification management;
- q. International Logistics Program;
- r. Materiel and logistics planning and programming;
- s. Resources Conservation Program;
- t. Standardization and technical data;
- u. Civil aviation, including the Department of Defense Advisory Committee on Federal Aviation, and the Interagency Group on International Aviation;
- v. Transportation, communications, and other related service activities;
- w. Economic utilization policy; and
- x. Commercial or Industrial Activities Program. Under the provisions of OMB Circular A-76 and DOD Directive 4100.15, authority to make decisions:

(1) To continue, discontinue, or curtail activities within the Department of the Air Force covered by the Commercial or Industrial Activities Program.

NO: 100.1

DATE: 27 May 1977

(2) To approve or disapprove new starts except industrial facility modernization and expansion projects which require Office of the Secretary of Defense approval in accordance with DOD Directive 4275.5, Industrial Facility Expansion and Placement.

The Assistant Secretary of the Air Force (Research, Development and Logistics) has responsibility for directing and supervising those space programs and space activities of the Air Force assigned to him. He also is the Air Force Acquisition Executive.

6. The Assistant Secretary of the Air Force (Manpower, Reserve Affairs and Installations) shall have as its principal duty the overall supervision of manpower and reserve component affairs and installations management of the Department of the Air Force. General responsibilities include direction, guidance, and supervision over all matters pertaining to the formulation, review and execution of plans, policies and programs relative to:

- a. Air Force Reserve component affairs;
- b. Manpower and organization;
- c. Military and civilian personnel, including procurement, assignment, training, promotion, career development, pay and benefits, utilization, separation, medical care, and all factors affecting morale and well being;
- d. Programs to prohibit discrimination because of age, race, creed, color, sex, or national origin, except programs applicable to contractors;
- e. Civil Air Patrol;
- f. Reserve Officers Training Corps;

NO: 100.1

DATE: 27 May 1977

-
- g. Air National Guard;
 - h. Contracts for personal services and training;
 - i. Travel and per diem allowances;
 - j. Air Force Board for Correction of Military Records;
 - k. Secretary of the Air Force Personnel Council and its component boards, including the Air Force Discharge Review Board, the Air Force Board of Review, the Air Force Personnel Board, the Air Force Disability Review Board, the Air Force Physical Disability Appeal Board, the Air Force Decorations Board, and the Air Force clemency and parole functions;
 - l. Manpower management programs and techniques, to include manpower mix policies and military essentiality issues;
 - m. Installations planning, programming, utilization, and annexation of installations by municipalities;
 - n. Acquisition and disposal of real estate;
 - o. Construction of bases and facilities;
 - p. Family housing resources acquisition, construction, maintenance and disposal;
 - q. Maintenance of real property and provision of utilities services;
 - r. Environmental quality; and
 - s. Occupational Safety and Health.

NO: 100.1

DATE: 27 May 1977

The Assistant Secretary of the Air Force (Manpower, Reserve Affairs and Installations) serves as a member of the Reserve Forces Policy Board established by 10 U.S.C. 175(a)(2). The incumbent also serves as a member of the Per Diem, Travel and Transportation Allowance Committee.

7. The Assistant Secretary of the Air Force (Financial Management) is responsible for direction, guidance, and supervision over all matters pertaining to the formulation, review, and execution of plans, policies, and program relative to:

- a. The Air Force programming processes and the preparation and validation of all program documentation;
- b. Budgeting and fund management;
- c. Accounting and accounting systems;
- d. Cost control, cost analysis, and cost estimating;
- e. Economic analysis of programs, forces and weapons systems;
- f. Finance, including disbursement and collection of funds;
- g. Contract financing;
- h. The design, standardization, installation and application of management information and control systems including resource management systems, and progress and statistical reporting;
- i. Auditing;

j. Contracts for services in the financial management area;

k. Automatic Data Processing Programs, and is the Air Force Senior ADP Policy Official in this area serving as the focal point for ADP policy and for the administration of the ADP Programs within the Department, including the development and control of programs for the design, improvement, and standardization of automated data systems in consonance with approved OSD guidelines, and the selection, acquisition, management and use of Automatic Data Processing Equipment and associated software (ADPE/S);

l. Productivity enhancement and measurement; and

m. Management by Objectives program.

The Assistant Secretary of the Air Force (Financial Management) is responsible for directing and supervising the Controller of the Air Force. While the Comptroller is directly responsible to the Assistant Secretary (Financial Management), he has a concurrent responsibility to the Chief of Staff.

Direct channels of communication are authorized between the Assistant Secretary (Financial Management) and (1) the Auditor General, (2) the Assistant Chief of Staff, Communications and Computer Resources, and (3) the Director of Data Automation.

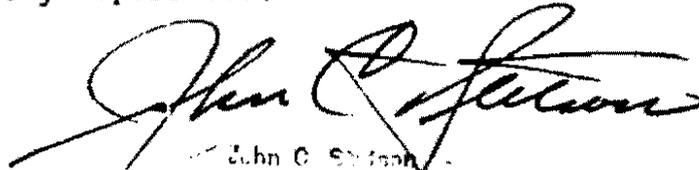
8. In addition to the Under Secretary, each of the Assistant Secretaries is authorized to act for and with the authority of the Secretary of the Air Force as to any matter referred to him which is within the cognizance of another Assistant Secretary when such official is absent or otherwise unavailable to perform the function.

NO: 100.1

DATE: 27 May 1977

9. This Order is issued in accordance with Air Force Regulation 11-18, dated 18 July 1963, subject: "Delegating or Assigning Statutory Authority."

10. Secretary of the Air Force Order No. 100.1 dated 10 June 1976, is hereby superseded.



John C. Stinson
Secretary of the Air Force



NO: 100.1

DATE: DEC 11 1978

SECRETARY OF THE AIR FORCE ORDER

INTERIM CHANGE TO SAF ORDER 100.1

SUBJECT: Functions of the Secretary, Under Secretary and
the Assistant Secretaries

SAF Order 100.1, dated 27 May 1977, is changed as follows:

* * *

7. The Assistant Secretary of the Air Force (Financial Management)

a. Responsibilities. Is responsible for direction, guidance, and supervision over all matters pertaining to the formulation, review and execution of plans, policies, and programs relative to:

- (1) Budgeting and funds management;
- (2) Economic analysis;
- (3) Cost estimating and cost analysis;
- (4) Management information and control systems;
- (5) Internal auditing (see para 7b(4) below for special relationships);
- (6) Accounting and finance;
- (7) Banking and contract financing;
- (8) Credit unions;
- (9) Contracts for services in the financial management area;

INTERIM CHANGE
NO: 100.1
DATE: DEC 11 1978

-
- (10) The Air Force programming processes;
 - (11) Productivity enhancement and measurement;
 - (12) Management by Objectives program; and
 - (13) Automatic Data Processing (ADP).

b. Relationships.

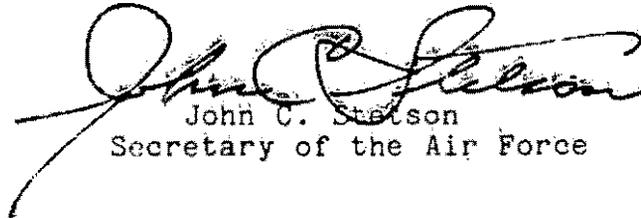
(1) The Air Force Comptroller. The Assistant Secretary of the Air Force (Financial Management) is responsible for directing and supervising the Comptroller of the Air Force. While the Comptroller is directly responsible to the Assistant Secretary (Financial Management), he has a concurrent responsibility to the Chief of Staff.

(2) Deputy Chiefs of Staff. Direct channels of communication are authorized between the Assistant Secretary of the Air Force (Financial Management) and the Deputy Chiefs of Staff when necessary to accomplish specific areas of responsibility.

(3) Director of Computer Resources. Direct channels of communication are authorized between the Assistant Secretary (Financial Management); who is the Senior ADP Policy Official, and the Director of Computer Resources (see also SAFO 560.1).

(4) The Auditor General. The Auditor General, who directs the Air Force Audit Agency, reports to the Secretary of the Air Force and is authorized direct access to the Chief of Staff. The Assistant Secretary (Financial Management) provides supervision on audit policy and management matters.

* * *


John C. Stetson
Secretary of the Air Force



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

ROBERT J. HERMANN

Dr. Robert J. Hermann is assistant secretary of the Air Force for research, development and logistics.

Dr. Hermann was born April 6, 1933, in Sheldahl, Iowa. He received a bachelor of science degree from Iowa State University in 1954, a master of science degree in 1959 and a doctor of philosophy degree in 1963.

He served in the U.S. Air Force from July 1955 to June 1957 as an electrical engineer assigned to the National Security Agency. Following his tour of duty in the Air Force, Dr. Hermann returned to Iowa State University as an instructor in the electrical engineering department. During this time he also served as a consultant to the National Security Agency.

In 1959 he returned to the National Security Agency as chief of the Research and Development Field Laboratory in Frankfurt, Germany. From September 1962 to August 1963, he attended Iowa State University as a member of the agency's fellowship program. From 1963 to 1965, he served as an electrical engineer on the Technical Planning Staff and later in the Office of the Director, Defense Research and Engineering. In 1965 he became chief, Office of Systems Engineering, and in February 1969 was appointed the agency's deputy assistant director for science and technology and acting chief of the Office of Systems Management.

Dr. Hermann served as chief of Systems Engineering and Electronic Intelligence at the National Security Agency from October 1970 to July 1973 when he became the agency's deputy director for research and engineering. In 1974 he was appointed special assistant to the director of the National Security Agency to study signals intelligence support to military operations.

In 1975 Dr. Hermann was assigned as special assistant to General Alexander Haig, supreme allied commander, Europe, for strategic warning and combat information systems. He became deputy under secretary of defense for communications, command, control and intelligence in July 1977 and assumed his current position in July 1979.

Dr. Hermann is married to the former Darlene Lowman; they have a son, Scott, and a daughter, Sherie.



CURRENT ISSUES:

- . F-16 Follow-on Buy with The Netherlands
- . Defining a credible digital communications system for Tactical Air Force
- . Survivability/endurance of strategic aircraft
- . Planning for high-energy lasers
- . Warning system architecture
- . Emphasizing logistics considerations in the acquisition of new weapon systems and support equipment
- . Survivable C³
- . Short and long-range planning for the modernization of logistics ADPE and telecommunications
- . Developing antisatellite weapons policy
- . Establishing an overall depot maintenance posture plan as a vehicle for capital investment and mission assignment
- . Spacecraft nuclear power systems
- . Space Shuttle transition, future launch and backup strategies, and long-term goals for Shuttle operations in support of the DOD
- . Feasibility of accelerating development of space laser systems
- . Funding of NATO ACW&C program by the thirteen participating nations
- . Balancing the F-16 industrial offset among the participating European countries.
- . Inability of the industrial base to provide timely support for our current acquisition and potential surge requirements
- . Tailored acquisitions for space systems
- . Determining the composition and capability of the future TAC fighter force
- . Improving the Strategic Airlift capability
- . Source selection of the C-X aircraft

PRINCIPAL FUNCTIONS

The Assistant Secretary of the Air Force (Research, Development and Logistics) is responsible for the formulation and execution of Air Force research, development, and logistics policies and programs. As the Air Force Acquisition Executive, he is responsible to the Secretary of the Air Force for all decisions relating to the acquisition of major weapon systems.

Deputy Assistant Secretary of the Air Force (Systems). The Deputy Assistant Secretary of the Air Force (Systems) is responsible for making recommendations to and acting in behalf of the Assistant Secretary of the Air Force (Research, Development and Logistics) with regard to:

1. The qualities and quantities of weapon systems needed for Air Force operations.
2. The integration of technology into Air Force weapon systems.
3. The effectiveness of acquired Air Force weapon systems.
4. General research, development, scientific and technology matters.
5. The assessment of development, test and evaluation results relative to weapon system acquisition decisions.

Deputy Assistant Secretary of the Air Force (Acquisition Management). The Deputy Assistant Secretary of the Air Force (Acquisition Management) is responsible for making recommendations to and acting in behalf of the Assistant Secretary of the Air Force (Research, Development and Logistics) with regard to:

1. The acquisition process.
2. Air Force acquisition strategies.
3. Air Force weapon system production programs.
4. The assessment of operational test and evaluation results relative to weapon system acquisition decisions.
5. Industrial resources, preparedness and defense programs.
6. Procurement actions, including determinations and findings, contracts, and the administration and termination of contracts.
7. Renegotiation affairs, contract appeals, and related activities.
8. Contract Adjustment Board matters.
9. Small business matters.

Deputy Assistant Secretary (Logistics): The Deputy Assistant Secretary (Logistics) is responsible for making recommendations to and

acting in behalf of the Assistant Secretary of the Air Force (Research, Development and Logistics) with regard to:

1. Integrated logistics support planning in the development, acquisition and maintenance of Air Force weapon systems.
2. The integration of logistics planning/programming with force development.
3. The supply management process, including initial and replenishment requirements determinations, storage, distribution, reutilization and disposal of all materiel.
4. Equipment maintenance and modification management.
5. International logistics programs.
6. Transportation management and interfaces with civil aviation.
7. Communications management.

Deputy Assistant Secretary of the Air Force (Space Plans and Policy)

The Deputy Assistant Secretary of the Air Force (Space Plans and Policy) is responsible for making recommendations to and acting in behalf of the Assistant Secretary of the Air Force (Research, Development and Logistics) with regard to:

1. Provides technical assistance, policy and operational recommendations to the Secretary of the Air Force in his capacity as the Chairman of the Defense Space Operations Committee (DSOC).
2. Provides staff cognizance for the development of an overall Air Force space program to include:
 - (a) Resources
 - (b) Operational concepts and procedures
 - (c) Organizational approaches
 - (d) Transition strategies for operations, systems and organizational changes
 - (e) Interfaces with other government space programs.
3. Provides staff cognizance for the development and definition of the desired relationships between space and conventional activities.
4. Serves as the primary point of contact between the Air Force Secretariat and other agencies or departments with space activities.



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

MR. JOSEPH C. ZENGERLE

Mr. Joseph C. Zengerle is Assistant Secretary of the Air Force for Manpower, Reserve Affairs and Installations, responsible for policies affecting all the military and civilian personnel of the Air Force, all matters pertaining to the Air National Guard and Air Force Reserve, and all the bases and facilities of the Air Force worldwide. He came to this position from the Washington, D.C., law firm of Shea & Gardner.

Mr. Zengerle has been active in promoting fair treatment of Vietnam veterans for the last two and one-half years, and in that connection co-founded a unique national membership organization, the Vietnam Veterans of America. His numerous articles and nationwide television and radio appearances have helped to create public awareness of and consequent improvement in the status of veterans of the Vietnam war era.



Born August 16, 1942, in Jamaica, N.Y., Mr. Zengerle attended elementary and high schools in Pitman, N.J. Upon graduating from the U.S. Military Academy, West Point, N.Y., in 1964, Mr. Zengerle was commissioned as an infantry officer and trained at the U.S. Army's Airborne and Ranger Schools at Fort Benning, Ga., where he was named the outstanding leader of his class.

Mr. Zengerle's military service continued with several assignments in Germany: command of an infantry platoon and company, and adjutant of an infantry battalion, in Augsburg and Berlin; and a tour of duty as the American chief of an allied intelligence organization in Nuremberg.

As a special assistant to the U.S. Commander, Vietnam, in 1968, Mr. Zengerle was an advisor to General William Westmoreland during the Tet offensive and later served in the same capacity for General Creighton Abrams. He completed his Vietnam tour as a unit commander in I Corps.

Mr. Zengerle's last military assignment was with the Office of the Assistant Chief of Staff for Intelligence, Department of the Army, at the Pentagon in 1969. He is a recipient of the Bronze Star Medal.

Married in 1966, Mr. Zengerle and his wife, Lynda, attended law school together at the University of Michigan, Ann Arbor, Mich., from which they both graduated with honors in December 1971. Mr. Zengerle was Note and Comment editor of the Michigan Law Review. In 1972, Mr. Zengerle joined the Washington, D.C., law firm of Arnold & Porter. During this time he also served on the Domestic Task Force of Senator Edmund Muskie's presidential campaign.

Mr. Zengerle next served as law clerk to the Honorable Carl McGowan, Circuit Judge of the U.S. Court of Appeals for the District of Columbia Circuit, in 1972-73. In the following year, Mr. Zengerle was law clerk to the Honorable Warren Burger, Chief Justice of the United States.

His service in this capacity occurred during the 1973-74 term, when the Supreme Court decided the case of United States v. Nixon.

Since late 1974, Mr. Zengerle has been with Shea & Gardner. In 1976, he helped to form and was acting chairman of the Washington Finance Committee for President Carter's election campaign. In 1977, he converted an occasional involvement on behalf of Vietnam veterans into a full-scale undertaking, pro bono publico. Mr. Zengerle's law practice was otherwise divided evenly among the specialities of corporate litigation, banking and administrative law.

He was sworn in as Assistant Secretary of the Air Force by Secretary of Defense Harold Brown on Feb. 15, 1980, with Judge McGowan administering the oath of office.

Mr. Zengerle and his wife, a partner working part-time in the Washington, D.C., law firm of Leighton, Conklin, Lemov & Jacobs, live in Washington with their two young sons, Jason and Tucker.

CURRENT ISSUES

- . **M-X**
 - Environmental Impact Statement
 - Land Acquisition & Construction
- . **Rapid Deployment Force**
 - Basing Requirements
 - Israeli Airbase Construction
- . **Military Construction**
 - Base Realignment Actions
 - Overseas Family Housing Deficiencies
- . **Military Personnel**
 - Compensation
 - Quality of Life Initiatives
 - Retention
 - Total Force Mix
- . **Civilian Personnel**
 - Strength Reduction
Hiring Freeze
 - High Grade Reductions
 - Pay Reform and Pay Cap
 - Merit Pay Program
- . **Reserve Affairs**
 - Force Modernization
 - Militarization Study
- . **Environment & Safety**
 - Epidemiological Studies (Agent Orange)
 - Pollution Abatement Issues
 - Space Shuttle Noise Impact Studies
- . **Air Force Boards**
 - Reducing case backlogs

PRINCIPAL FUNCTIONS

Assistant Secretary of the Air Force

(Manpower, Reserve Affairs & Installations)

Serves as a member of the Reserve Forces Policy Board established by 10 USC 175 (a) (2).

Serves as a member of the Per Diem, Travel and Transportation Allowance Committee.

Provides direction, guidance and supervision over all matters pertaining to the formulation, review and execution of plans, policies and programs.

Principal Deputy Assistant Secretary

(Manpower, Reserve Affairs & Installations)

Acts for and in the absence of the Assistant Secretary in all the professional and technical areas of manpower and organization, reserve component affairs and installations management. In so acting, performs the full range of duties delegated to the Assistant Secretary by law or Secretarial order.

Functions as principal executive and advisor to the Assistant Secretary.

Coordinate planning, programming and budgeting actions.

Special Assistant

Responsible for public interface activities supporting major Air Force programs.

Research projects and other functions as assigned.

Principal Deputy Assistant Secretary

(Manpower Resources & Military Personnel)

Formulation, implementation and management of Air Force policies and programs in areas of military personnel, manpower and organization, education and training, and equal opportunity.

Monitor Air Force programs for military recruitment, assignment, promotion career development, pay and benefits, separations, retirement, medical care, and all factors affecting morale and welfare.

Formulation of appropriate Air Force manpower mix and development of productivity initiatives.

Principal Deputy Assistant Secretary
(Installations)

Responsible to Assistant Secretary for all aspects of the Air Force installations program. Policy determination and SAF coordination and review for: installations planning and programming; acquisition and disposal of real estate; construction of bases, missile sites and other facilities; programming, construction, maintenance, operation, and management of real property. Secretariat focal point for base realignments and economic adjustment impacts.

Deputy Assistant Secretary
(Reserve Affairs)

Assists in the planning, establishing, directing and implementing the formulation of policy in the areas of Reserve Force personnel management, programming, manpower, force structure, readiness planning, budgeting, organization, training, and education.

Responsible for the mobilization and deployment functions within the office of the Secretary of the Air Force.

Provide administrative support to the Air Reserve Forces Policy Committee (ARFP).

Advise the Secretary of the Air Force on all policy matters directly affecting the Air National Guard and Air Force Reserve.

Administer the Title 10 USC Section 265, 9033 ad 8496 officer program.

Deputy Assistant Secretary
(Civilian Personnel Policy)

Formulate civilian personnel policy goals and objectives; to issue Departmental policies, and to monitor and control policy execution through program review and evaluation.

Provide oversight, leadership, and policy guidance for the administration of civilian personnel within the Department of the Air Force for both appropriated and non-appropriated fund personnel.

Serve as Air Force spokesman for civilian personnel administration in communicating and advocating the Administration's views and interests before Congress, other agencies, and the public.

Represent the Department of the Air Force in its dealings with other Federal agencies and instrumentalities as well as in its relations with non-governmental organizations, such as labor groups, for purposes of formulating and modifying Department-wide policies and directions.

Deputy for Equal Opportunity

Responsible for policy planning, program guidance and executive direction for all matters within the Department of the Air Force pertaining to

minority and women's rights, equal employment opportunity and treatment/human relations education for military personnel.

Deputy for Environment and Safety

Serves as the Air Force Safety and Occupational Health Official, designated by the Secretary of the Air Force in accordance with DODD 1000.3. Responsible for implementing the requirements of the Occupational Safety DOD Directives.

Serves as the Air Force single point of contact for the quality of the human environment, designated by the Secretary of the Air Force per DODD 6050.1. Responsible for implementing requirements of the National Environmental Policy Act of 1969, environmental and natural resource protection laws, Executive Orders, and DOD policy.

While not presently a formal responsibility, developing requirements for Secretariat-level involvement in energy-related matters have flowed to SAF/MIQ through various SAF/US memoranda and verbal guidance.

Deputy for Air Force Review Boards

Coordinate activities of the Air Force Personnel Council, Air Force Board for Correction of Military Records and the AF Civilian Appellate Review Agency. A brief description of these boards is given below.

Review all cases received from the review boards for final decision by the Assistant Secretary to insure due process and fair and impartial adjudication.

Coordinate individual case personnel actions, congressionals or personal complaints made to the Secretary or Assistant Secretary of the Air Force.

Insure central point for coordination of all cases having Presidential, Congressional, Secretarial and other interests concerning individual cases or policies affecting Air Force members or their dependents and civilian employees. Essentially, act as Secretarial ombudsman.

The Secretary of the Air Force Personnel Council

An administrative agency established under the Assistant Secretary of the Air Force for Manpower, Reserve Affairs and Installations, to assist in the review and recommendation of final actions to the Secretary and to announce final determinations and decisions of the Secretary in certain specifically defined personnel matters wherein the Secretary is charged by law with the final authority. Its functions include:

(1) Discharge Review Board

Upon application, examines the property and equity of an applicant's discharge and effects changes, where necessary.

(2) **Clemency and Parole Board**

Considers persons confined at the U.S. Disciplinary Barracks for clemency and parole. In addition, former members confined in the Federal prison system or on parole from the Federal prison/Disciplinary Barracks are considered for parole only.

(3) **DOD Civilian/Military Service Review Board**

Reviews and recommends final action to the Secretary to determine if civilian or contractual service rendered by groups to the Armed Forces of the United States shall be considered active military service for the purposes of all laws administered by the Veterans Administration.

(4) **Substitution in Lieu of Board for Correction of Military Records**

Assists the Air Force Board for Correction of Military Records by reviewing and acting on some functions assigned to the Board but for which the composition and expertise of the Council is equipped (i.e., change of reenlistment code requests, and discharge review cases which exceed statutory time limitations of the Discharge Review Board).

(5) **Personnel Board**

Process for a final determination or recommendation to the Secretary a variety of personnel actions in which current policy parameters are exceeded. Includes separation of Air Force Academy cadets; interservice transfer of officers; Regular Air Force appointments; grade determinations, retention of Reserve officers on active status; deferment of mandatory retirement; Survivor Benefit Program determinations; transfers to retired Reserve; dropping officers from the roles of the Air Force; voluntary officer separations through retirement, resignation or early release; certain designated physical disability cases involving both officer and enlisted personnel; and reenlistment code changes.

(6) **Decorations Board**

Acts on individual military awards, unit and organizational awards and civilian awards submitted to the Secretary of the Air Force.

(7) **Physical Disability Appeal Board**

Adjudicates and makes a final determination on physical disability cases in which the individual contests any major findings made by the physical Review Board or the Personnel Board.

(8) **Board of Review**

Examines the cases of officers who have been recommended for removal from the Regular active list by Boards of Inquiry. Officers are

considered for removal for reasons of moral/professional dereliction, in the interests of national security, or for substandard performance of duty.

The Air Force Board for Correction of Military Records

Section 1552, Title 10, U.S. Code authorized the Secretary of the Air Force, under procedures established by him and approved by the Secretary of Defense, and acting through a board of civilians of the Executive part of the Department known as the Air Force Board for Correction of Military Records, to correct any military records of present or former members of the Air Force when he considers it necessary to correct an error or remove an injustice. The Board, which is composed of 29 members, is tasked with the review of all applications that becomes before it to determine whether to:

(1) authorize a personal hearing, (2) recommend to the Secretary that the records be corrected without a hearing, or (3) deny the application without a hearing. There is nothing in the personnel, legal or medical spectrum barred from consideration by the Board. The Board Secretariat staff duties are primarily that of advisors and administrative support to the Board.

Air Force Civilian Appellate Review Agency

Executive Secretariat for Secretary of the Air Force is processing discrimination complaints, appeals and grievances submitted by civilian employees. Decides personal representation disputes, and disputes over acceptability of employee petitions for review. Acts on other matters related to the civilian appellate program as designated by the Office of the Secretary.



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

CHARLES W. SNODGRASS

Mr. Charles W. Snodgrass was appointed assistant secretary of the Air Force for financial management June 18, 1980.

Mr. Snodgrass was born in Marietta, Ohio, Aug. 7, 1940, and attended primary and secondary schools there. In 1965, following military service with the U.S. Navy, he received his bachelor of arts degree in history and political science from Marietta College. He was selected the best graduating student in the history department. He was awarded a master of arts degree in public administration from The American University, Washington, D.C., in 1971.



Mr. Snodgrass entered the Department of Health, Education and Welfare's management intern program in 1965. This three year management development program included intern assignments with the National Institute of Health, Vocational Rehabilitation Administration and the Office of the Secretary of Health, Education and Welfare. He then joined the Office of Management and Budget as a budget examiner in 1968. In addition to evaluating various Department of Labor programs he worked with the White House staff on the project to reform unemployment insurance laws.

Mr. Snodgrass served the House Appropriations committee as a staff assistant to the Agriculture Subcommittee from 1971 to 1974 and was responsible for reviewing budget requests of the Federal Trade Commission, Food and Drug Administration and the Office of Consumer Affairs. From 1974 until his present appointment he served as a staff assistant for the Defense Subcommittee of the House Appropriations Committee with responsibility for reviewing budget requests for all Department of Defense communications and intelligence programs, including budgets of the Central Intelligence Agency and National Security Agency.

Mr. Snodgrass is married to the former Catharina Mulmberg of Stockholm, Sweden, and they have two sons Charles Eric and Jay Alexander. They reside in Washington, D.C.

-30-

(Current as of July 1980)

CURRENT ISSUES

- . Paperwork Reduction Act
- . MX funding
- . FY 82 budget
- . FY 83 Program Objective Memorandum preparation
- . Air Force Symposium on Force Projection
- . Depot Maintenance Cost Accounting
- . Air Force Regulation on Productivity
- . Proposed Productivity Statute (H.R. 8306)
- . General Accounting Office approval of accounting systems
- . Implementation of system for audit followup and resolution of disagreements
- . Integrated plan and audit evaluation of design of Air Force internal control systems
- . Developing visibility of weapon systems operating and support costs
- . Revised funding policies/multi-year procurement/tailored acquisition
- . Preparation/coordination of "think piece" on separate appropriation for satellites/space vehicles
- . Extension of Selected Acquisition Report (SAR) coverage to include Global Positioning System (GPS) and Joint Tactical Information Distribution System (JTIDS)
- . Evaluation and disposition of Boeing Co. complaints about implementation of Cost/Schedule Control Systems Criteria (C/SCSC) on their Air Force programs
- . Development of computer programs to facilitate the analysis of Air Force financial data bases
- . Phase IV acquisition to replace 275 base level computers
- . Near term acquisition/implementation of Air Force Logistics Command's IBM 360/65 computers
- . Long term modernization of all management information system computers in Air Force Logistics Command
- . Modification of Air Force Global Weather Central computers (long term)

- . Pursue initiatives of the Automatic Data Processing Acquisition Improvement Group
- . 82-86 Program Objective Memorandum (POM); relationship between spares, depot programmed equipment maintenance, and overall logistics readiness

PRINCIPAL FUNCTIONS

Principal Deputy Assistant Secretary (Financial Management)

Acts for and assists the Assistant Secretary (Financial Management) by providing direction, guidance and supervision over all matters pertaining to the formulation, review and execution of plans, policies and programs in all areas of financial management. Provides continuity of Air Force financial management operations from one Administration to another.

Principal Deputy Assistant Secretary (Programs and Budget)

Direct, guide, and supervise all matters pertaining to formulation, review and execution of Air Force long range planning, Air Force Program, and Air Force budget and fund management system.

Develop and coordinate SecAF/Chief of Staff Guidance Memorandum for preparation of the Air Force Program Objective Memorandum (POM).

Supervise and coordinate Secretariat review of Air Force Program and Budget submissions to include all preliminary phases of review and reclamation to Office of Secretary of Defense program and budget decisions.

Develop improved process for Secretariat/Command Section review of Air Force Program Objective Memorandum, Department of Defense program issues and budget.

Accomplish studies and/or program reviews in support of Planning, Programming and Budgeting System (PPBS).

Develop long range planning process for Air Force in making program guidance and resource allocation decisions.

Deputy for Productivity Management

Air Force Productivity program

Management by Objectives program

Deputy for Financial Systems and Analysis

Management information and control systems (i.e., Selected Acquisition Reports (SAR); Cost/Schedule Control Systems Criteria (C/SCSC); Program Acquisition Report/Secretary's Program Review (PAR/SPR).

Cost estimating and cost analysis

Economic analysis

Deputy for Accounting and Internal Audit

Internal auditing

Banking; credit unions

Accounting and finance

Contract financing

Assistant for Data Automation

The Air Force Automatic Data Processing (ADP) Program encompasses planning, development, selection, acquisition, utilization/reutilization, management, operation and review of all Air Force ADP systems.



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

STUART R. REICHART

Mr. Stuart R. Reichart is the general counsel of the U.S. Air Force. He is the final authority on all Air Force legal matters except military justice.

Mr. Reichart was born Nov. 18, 1924, in New York City. He graduated from Thomas Jefferson High School in New York City and was attending Memphis State College in Tennessee when he entered the U.S. Army Air Forces as an aviation cadet in December 1942. In June 1944 he was commissioned as a second lieutenant upon completing bombardier training at Victorville, Calif. After receiving his commission Mr. Reichart served in the Army Air Forces as a navigator-bombardier with Twentieth Air Force's 73rd Bombardment Wing on Saipan where he participated in 41 B-29 missions. He was released from active duty in November 1945.



After leaving the service Mr. Reichart received a bachelor of laws degree from Brooklyn Law School in 1948 and a master of laws degree from New York University Law School in 1951. He was admitted to practice law in New York state in 1949, the U.S. Supreme Court in 1963, the U.S. Court of Military Appeals in 1963 and the District of Columbia in 1971. From 1949 to 1951, he was a partner in the New York City law firm of Herman, Herzog and Reichart.

In 1951 Mr. Reichart returned to active duty with the newly established U.S. Air Force, and for the next 20 years he served as a judge advocate. His assignments included duties as staff judge advocate, Eastern Air Procurement District, 1951 to 1952; chief, Civil Law, Far East Air Logistics Force, Japan, 1952 to 1955; chief, Procurement Law Division, San Antonio Air Material Area, 1955 to 1958; chief, Review Branch, Procurement Law Division, Air Force Logistics Command, 1958 to 1963; and director of contract law, United States Air Forces in Europe, 1963 to 1966. In addition he served as a member of the Armed Services Board of Contract Appeals from 1966 to 1972.

Mr. Reichart has been an honorary faculty member and has lectured extensively on government contracts at the U.S. Army Logistics Management Center of Fort Lee, Va., since 1961. He also has taught at the University of Dayton in Ohio from 1960 to 1963; Ohio State University from 1960 to 1963; and the University of Maryland from 1967 to 1971.

Mr. Reichart came to the Pentagon in 1972 as assistant general counsel (procurement), Office of the Secretary of the Air Force. In January 1976 he was promoted to the position of deputy general counsel of the Air Force where he served until his appointment as acting general counsel of the Air Force in November 1978. He assumed his current position in April 1979.

During his military service he was awarded the Legion of Merit, Distinguished Flying Cross, Air Medal with five oak leaf clusters and Air Force Commendation Medal with one oak leaf cluster.

Mr. Reichart was married to the late Josephine Alice Klarr of New York City and has one son, Steven.

OFFICE OF THE GENERAL COUNSEL OF THE AIR FORCE

I. INTRODUCTION

The Office of the General Counsel (SAFGC) was established by the first Secretary of the Air Force during his first week in office in September 1947. The statement of functions and responsibilities of the office is set out in a Secretary of the Air Force Order, No. 111.1, dated May 24, 1955, a copy of which is attached. That Order provides in part:

1. The general counsel is the final legal authority on all matters arising within or referred to the Department of the Air Force, except those relating to the administration of military justice and such other matters as may be assigned to The Judge Advocate General by Secretary of the Air Force Orders.

The Office provides advice and assistance to all elements of the Air Force, but the keystone of its functions and responsibilities is a close relationship with the Secretary and his principal assistants. As the law office of the Secretary, it takes a broad view of its responsibility in handling matters presented to it. The office seeks to provide carefully considered, practical advice aimed at producing effective solutions. The end product of the work of the office takes many forms and much of its advice and counsel is given orally. In written form, it may involve a formal legal opinion, draft correspondence, draft directives or policy statements, or guidance or decisions on individual cases.

Currently, the office consists of the General Counsel, one Deputy General Counsel, four Assistant General Counsels, plus a staff of 19 lawyers. While it is frequently difficult to pigeon-hole the individual questions or cases referred to the office, since many of them cut across functional lines, normally the work of the office falls into one of the following areas:

Procurement and Research and Development

Personnel — EEO, Labor-Management Relations, Conflict
of Interest
Administration
Fiscal & Financial Management
Privacy and Release of Information
Legislation and Congressional Matters
Air Force Investigative and Intelligence Matters
International Matters and Civil Aviation

Installations
Environmental Matters
Communications

The following sections of this paper contain brief descriptions of the work in these areas and provide illustrations of particular interest, including those matters for which the office has been assigned primary responsibility for action within the Air Force. Where pertinent, the JAG interface/corollary responsibilities are also addressed.

II. Procurement and Research and Development

General Description of Responsibilities

This office advises the Secretariat, the Air Staff and field organizations and commands on procurement and R&D matters in the Air Force. The lawyers specializing in procurement and R&D (1) review all procurement actions on which Secretarial approval is required by statute or regulations; (2) assist in the formulation of procurement policy; (3) render legal advice on source selection and other matters related to major procurements; (4) provide legal advice in contract formation, negotiation and administration matters; (5) assist in the preparation of replies to protests against contract award, frequently filed by unsuccessful offerors with the GAO, (6) prepare and edit replies to GAO reports on procurement matters, as well as Congressional inquiries; (7) participate in the negotiation of intergovernmental agreements for joint projects; (8) render advice on tax matters affecting procurement and approve all non-standard contract provisions regarding taxes; and (9) provide legal advice on other procurement and R&D matters as requested by the Secretariat or the Air Staff. Carrying out these responsibilities frequently involves dealing with OSD and the other military services, and with other Government departments and agencies such as NASA, GAO, Department of Labor, Department of Justice, Department of Commerce and the Federal Aviation Agency. The office also assists in drafting legislation affecting procurement as well as the preparation of material required for Congressional hearings with respect to procurement and R&D matters. The office provides two members of the Contract Adjustment Board as well as the counsel for that Board, a member of the Debarment and Suspension Board as well as the counsel to that Board, a member of the Armed Services Tax Group, an advisor to the Air Force Systems Acquisition Review Council (AFSARC) and an "authorized attendee" at the Secretary of Air Force Program Review (SPR). The office also provides the full time Air Force Legal Member on the Defense Acquisition Regulation (DAR) Council. In support of major systems acquisitions, the office participates in Acquisition Strategy Panels, Solicitation Review Boards, and Source Selection Advisory Councils.

Examples of Current Projects

Significant procurement and R&D projects include:

1. Participating on the Source Selection Advisory Councils (SSAC) for:
 - a. C-X Aircraft;
 - b. Joint Tactical Information Display System (JTIDS);
 - c. NAVSTAR-GPS Ground Segment soon to be selected;

2. Providing advice on other major systems procurements including: MX missile; Air Launched Cruise Missile; Civil Reserve Air Fleet (CRAF) Enhancement; Space Transportation System; F-16 — both USAF and European Participating Government (EPG) purchases; and, other procurement contracts in furtherance of FMS.

3. Representing the Air Force in the defense of all protests against award lodged with the GAO.

4. Consulting with the Air Force Judge Advocate General's Department on significant procurement-related litigation before various courts and boards.

5. Assisting the Department of Justice in the prosecution of significant procurement-related litigation including:

a. Defense of a request to enjoin the continuation of the LANTIRN contract;

b. Appeal of an ASBCA decision on the application of Cost Accounting Standard 403.

III. Personnel and Fiscal

A. Personnel

1. Military personnel (Regular, Reserve, and National Guard personnel)

This office gives advice and assistance on the whole range of military personnel matters such as appointments, promotions, demotions, status, rights, liabilities, retirement, and separation. Review of discharge actions is an important aspect of the military personnel practice. The discharge process is complex and of all the various types of personnel actions, the involuntary discharge is most likely to result in prolonged litigation. Courts now review not only the character of the discharge, but the fact of discharge itself, holding in some cases that the member has been arbitrarily and illegally discharged and is therefore entitled to back pay. Recent cases reviewed by this office include discharges under AFR 36-2 and AFM 39-12 for homosexual acts, drug/alcohol abuse, and civil conviction. The office has recently been involved in defending the Air Force policy on homosexuality and in revising regulations on this subject.

For the past several years, the Air Force has been attempting to resolve the status of members classified as MIA or POW in Southeast Asia. This office reviews proposed status changes for legal sufficiency and assists the Justice Department in defending lawsuits brought by next-of-kin to prevent status changes.

The personnel practice of this office also includes providing final legal guidance for the Air Force Board for the Correction of Military Records. The statutory board is empowered to change any error or injustice present in an individual serviceman's records due either to administrative oversight or unjust decisions by superiors. This office aids the Correction Board in taking all action it desires, within the law. Each year many hundreds of cases are considered and

recent Court of Claims decisions indicate that court's willingness to alter any Correction Board decisions found to be contrary to the weight of the evidence. This office also provides two attorneys to serve as members of the Board for the Correction of Military Records.

2. Civilian Personnel and Labor-Management Relations

Civilian personnel matters include both individual cases involving an adverse action (e.g., suspension, separation) and implementation of civilian personnel programs (e.g., the new Senior Executive Service and merit pay for GS 13-15 managers and supervisors, both established by the Civil Service Reform Act of 1978.) We have also been active in developing new Air Force procedures for cases before the Merit Systems Protection Board (MSPB) and for matters related to prohibited personnel practices and whistle-blowers under the jurisdiction of the Special Counsel of the MSPB.

We provide advice to SAF/MI and the Directorate of Civilian Personnel (AF/MPK) on all aspects of labor-management relations. Currently the office is working on the Air Force response to a request by the American Federation of Government Employees to consolidate its bargaining units at the national level.

3. Security Programs

This office has played an active part in the development of Air Force programs, both military and civilian. In addition to assisting in the disposition of individual cases, we also assist in the development of overall policies including the preparation of DoD directives and Air Force regulations. In light of recent court decisions, any attempt to separate a person or take other adverse action on security grounds without providing full confrontation and other elements of "due process" may create serious legal and practical problems.

4. Standards of Conduct/Conflict of Interest

This office has responsibility for coordination and final disposition of all standards of conduct and conflict of interest problems that cannot be resolved at lower echelons. Pursuant to the Ethics in Government Act of 1978, the General Counsel was selected by the Secretary as the "Designated Agency Ethics Official" with overall responsibility for the Air Force conflict of interest and financial disclosure reporting programs. This office actively participated in preparing current DoD and Air Force directives as well as providing extensive comments to the Office of Government Ethics on proposed new regulations implementing the Ethics in Government Act. We also provide advice on individual cases where standards of conduct or conflict of interest problems arise.

Senior officials (Statutory appointees, SES members and General Officers) must file annual detailed financial disclosure reports (SF 278) which are publicly available at a central Pentagon office. Various other officials also file confidential statements of financial interests (DD Form 1555). This office reviews all forms for members of the Secretariat and maintains custody of the DD Form 1555s.

5. Equal Employment Opportunity

The General Counsel's role in Equal Employment Opportunity matters is quite expansive. The office reviews many of the Air Force's final agency decisions in cases involving individual complaints of discrimination and reprisal and all of the requests for attorneys fees. In addition, the office plays an important role in the planning aspects of Equal Employment Opportunity, working closely with SAF/MI to develop programs and plans that will yield an effective Affirmative Action Program without creating reverse discrimination claims. The planning aspect of this office's responsibilities requires a close liaison with both the Office of Personnel Management and the Equal Employment Opportunity Commission.

B. Administration of the Department

Work on this subject encompasses a wide range of matters pertaining to the administration and organization of the Department of the Air Force, including delegations of authority to and by the Secretary (such as Secretary of the Air Force Orders); claims; gifts to the Department; civilian auxiliaries of the Air Force such as the Civil Air Patrol; and the organizational relationship of the Secretary of the Air Force with the Secretary of Defense and with the Chief of Staff.

C. Fiscal Matters and Financial Management

In its fiscal practice the office advises the Secretary, the Assistant Secretary for Financial Management and his Deputies, and the Air Staff, particularly the Comptroller,¹ concerning a wide range of questions relating to the receipt, obligation and disbursement of funds. There are few problems that do not, directly or indirectly, involve fiscal questions, and consequently the fiscal practice often cuts across other areas of responsibility within the office.

Some of the more important activities that fall within the office's fiscal practice are: (1) interpreting the annual appropriation acts, and related legislation, to determine the purposes for which appropriated funds may be used and to determine which appropriation should be charged for specific items of expense; (2) aiding in preparing Air Force responses on the use of funds and, when necessary, seeking GAO opinions on fiscal matters; (3) providing advice concerning the preparation and presentation to Congress of appropriation legislation; (4) interpreting the statutes and internal regulations that deal with administrative control of funds (R.S. 3679, 31 U.S.C. 665) and with recording of obligations; (5) rendering advice on accounting and finance policies generally; (6) advising on various contract financing matters, such as advance payments and off-set procedures; and (7) answering questions related to the use and control of nonappropriated funds.

¹ 10 U.S.C. 8014 establishes the position of Comptroller of the Air Force and specifies his functions. The statute provides that the Comptroller is directly responsible to the Secretary or an Assistant Secretary (presently, under SAFO 100.1, the Assistant Secretary for Financial Management), and may be responsible concurrently to the Chief of Staff.

D. Privacy Act Program and Release of Information

SAFGC bears ultimate responsibility for determining the legality of releasing or withholding various types of information concerning Air Force personnel and activities. Of particular importance is our role in interpreting the requirements of the Freedom of Information Act, 5 U.S.C. §552. Questions as to the propriety of withholding information under the Act are frequently reviewed at the request of various Secretariat offices. This office is responsible for providing legal advice and review concerning the policies and procedures governing the collection, safeguarding, maintenance, public notice, use, access, amendment, and dissemination of personal information in systems of records maintained by the Air Force pursuant to the Privacy Act of 1974, 5 U.S.C. §552a. In addition, all appeals to the Secretary regarding access or correction of personal records under AFR 12-35, "Air Force Privacy Program," and the release of information under AFR 12-30, "Disclosure of Air Force Records," are reviewed by this office, with recommendations concerning such appeals being made to SAFAA.

This office also provides assistance to various Air Staff agencies and Secretariat offices in dealing with requests for information from Congressional sources, including the GAO. In extreme cases, these requests could trigger an invocation of "executive privilege," although White House directives currently provide that only the President may assert the privilege as a basis for denying information requested by the Congress.

The Federal Advisory Committee Act requests that meetings of all advisory committees be open to the public unless it is determined that the meetings concern matters listed as exceptions in the Freedom of Information Act. Currently, the determination to close meetings of a particular advisory committee is coordinated with this office.

E. Legislation and Congressional Matters

Within the Executive Branch, the Office of Management and Budget (OMB) has primary responsibility for securing departmental and agency coordination on proposed legislation, Executive Orders, and Presidential Proclamations. Within the Department of Defense, the Office of the General Counsel, OSD, is the focal point in this coordination process, while within the Air Force, the Office of Legislative Liaison, Office of the Secretary of the Air Force (SAFLL), exercises this responsibility. This office provides legal advice and assistance to SAFLL in this process, and to other members of the Secretariat and the Air Staff when requested. A legislative proposal is examined in the context of existing statutes and regulations to ascertain whether it is needed and advisable and to determine its probable effect on existing statutes and regulations.

Although not a primary responsibility of this office, we may assist from time to time in preparing Air Force or DoD witnesses for their appearance before Congressional Committees. This assistance may take the form of drafting prepared statements or briefing witnesses prior to their appearances before a Committee. As appropriate, a member of the office may accompany an Air Force or DoD witness at a hearing and may also appear as a witness.

The office also assists in the preparation of replies to individual members of Congress in response to their inquiries concerning proposed legislation before the Congress or other matters involving the Air Force or DoD.

F. Air Force Investigative Matters

This office has actively participated in DoD-wide reviews of the DoD investigative community. This effort was initially prompted by widespread charges that military investigative personnel were engaged in active surveillance programs in the civilian community and were monitoring certain kinds of political activities. DoD Directive 5200.27 establishes policies prohibiting the acquisition or retention by DoD components of information concerning persons and organizations not affiliated with the Department of Defense. This office periodically reviews OSI activities to insure continuing compliance with legal and policy requirements. The General Counsel serves as the Air Force approval authority on requests for electronic surveillance in criminal investigations.

G. Intelligence

Executive Order 12036, "United States Intelligence Activities," issued January 26, 1978, requires General Counsels and Inspectors General of agencies within the Intelligence Community to formulate practices and procedures for discovering and reporting to the Intelligence Oversight Board intelligence activities that raise questions of legality or propriety. The General Counsel serves as the senior member of the Air Force Oversight Intelligence Panel. The office provides legal advice to Air Force intelligence components, assists the Inspector General's Intelligence Inspection Team in periodic reviews of Air Force intelligence activities, and serves as liaison with the national Intelligence Oversight Board and with the Defense Inspector General for Intelligence.

IV. International and Civil Aviation

The General Counsel provides legal advice and assistance to the Secretariat and Air Staff on international matters of interest to the Air Force, such as: (a) operating rights, base rights and status of forces matters; (b) security assistance; (c) international cooperative research and development programs; (d) NATO RSI and other international cooperative acquisition programs, including coproduction and licensing arrangements (e.g., F-16 and NATO AWACS programs); (e) the use and disposition of Air Force property in foreign areas; (f) international aviation matters; (g) law of the sea; (h) military construction overseas; (i) environmental policy overseas; (j) offshore procurement; (k) foreign taxation; (l) international humanitarian assistance; and (m) control and monitoring of nuclear weapons testing.

In the areas of base rights and status of forces agreements (SOFA), our role consists mainly of interpreting existing agreements and related U.S. laws, advising on the authority to negotiate and conclude various forms of agreements, and drafting the text of proposed new agreements and instructions to U.S. embassies and delegations. Agreements include comprehensive base rights and status of forces agreements applicable to all U.S. defense activities in a foreign country (such as the 1979 amendments to the Philippines Military Bases Agreement, and the 1980 Defense Agreement with Turkey), as well as agreements applicable to particular Air Force facilities or providing limited access rights to foreign facilities (such as the recently concluded agreements in the Indian Ocean area).

All Foreign Military Sales (FMS) letters of offer and acceptance (DD Form 1513) prepared in the Air Staff (AF/PAI) are reviewed in this office prior to transmittal to the purchasing foreign government or international organization. Loans of Air Force property to foreign governments under Section 503 of the Foreign Assistance Act (MAP loan) and leases of Air Force property under 10 U.S.C. §2667 are prepared with the assistance of this office. We assist the Air Staff in the drafting and negotiation of cooperative R&D and coproduction agreements, and prepare the legal memoranda required to obtain authority from OSD to negotiate and conclude such agreements. Other types of agreements we work with include officer exchange agreements, scientist and engineer exchange agreements, data and information exchange agreements, unique security assistance agreements such as the Israel air base construction agreements and the NATO Joint Jet Pilot Training Memorandum of Understanding, and multilateral treaties of interest to the Air Force such as the Law of the Sea Convention and the Moon Treaty.

V. Installations, Environmental, & Communication

A. Installations

The office provides legal advice to the Secretary, and the Air Staff on matters relating to installations and the entire field of civil engineering. Cases in this area involve (1) interpretation of the Military Construction Authorization and Appropriations Acts; (2) problems arising out of the military construction program; (3) acquisition, use, and disposal of real property; (4) condemnation of private property by the Federal Government; (5) annexation of military bases and by municipalities; (6) Federal jurisdiction over military installations; (7) zoning and land use problems concerning military bases and adjacent areas; (8) family housing programs in the United States and in foreign areas; (8) negotiation of agreements with local airport boards and municipalities for joint use of installations by military and civil aircraft. The office is called upon to give formal legal opinions as well as practical advice on the foregoing matters, investigate problems in the field and make recommendations, and represent the Air Force in negotiations in this area. All proposed real estate actions are coordinated with this office.

By way of illustration, the following are some of the problems on which the office is currently working:

1. Zoning Near Air Force Bases

The noise of jet aircraft and the growing population around many Air Force bases have resulted in many problems. One method of resolving conflicts between the Air Force and adjacent landowners is to acquire an aviation easement, by which the owner is compensated for the diminution in value of his land resulting from the noise and potential danger of low and frequent flights. Another possible method of resolving these conflicts is to zone the land only for uses compatible with aviation. This office conceived the idea of an Air Force-wide program of encouraging local governments to zone for compatible uses, with Air Force purchase of a limited amount of land off the ends of the runways where accident potential bars most uses. Some of the problems encountered are the types of use to be recommended to local zoning commissions, the extent to which the Air Force will be formally represented at zoning hearings, and the limitations that are imposed on Air Force activities by the need to avoid unintentional

takings of property without due process of law. This program has been adopted by the Department of Defense and approved by the Congress.

2. Real Estate Systems

The office examines the form of documents and considers both the legal and policy implications of five to ten real estate actions per week. These include in-leases and out-leases, condemnation assemblies, easements, and property disposals.

3. Joint Use Agreements

With the increasing difficulty of finding sites for civil airports there have been a number of proposals made to the Air Force for civilian use of military airfields jointly with military traffic. This office developed a standard approach to such requests, under which land is leased to the local government at fair market value for construction of civil facilities and a joint use agreement is entered into setting out the terms and conditions of civil use of the flight facilities. We have prepared and negotiated several sets of these agreements and others are in the works.

4. Base Closures and Realignment

Military bases are a major contributor to a local economy. Closing or realignments resulting in reduced missions and manpower are traumatic and resisted by every possible means. When opposition fails, difficult transitional problems result. We have spent countless hours devising and negotiating arrangements for speedy civil re-use of closed facilities, advising on property disposal, and working our arrangements with other Federal agencies to assist new civil users.

B. Environmental Matters

The upsurge of interest in problems of the environment has had a major impact on the Air Force, which is the proprietor of millions of acres of land, over a thousand major and minor installations, and some 10,000 aircraft. Environmental legal problems, once uncommon, have come to play a significant part in the office's workload.

The National Environmental Policy Act (NEPA) has spawned an entirely new body of administrative law. It provides opportunities for both public involvement in Air Force decision-making and a limited form of judicial review. The courts' involvement has been effectively limited to review of procedural matters, including adequacy of environmental impact statements as well as the steps employed in preparing them and conducting public dialogue. However, even this limited review provides opportunities for injunctive relief against Air Force actions that would otherwise be unreviewable and un-enjoinable. Meshing public review into formerly closed decision-making processes continues to be a major problem. NEPA problems have arisen in connection with procurement of aircraft, leasing of new aircraft, base closures, and construction projects, to cite just a few examples. The office has worked closely with OSAF and the Air Staff on developing and refining the Air Force procedures and practices for NEPA implementation. We recently accomplished a complete review and revision of the Air Force's basic directive on compliance with NEPA, AFR 19-2. Even more

effort goes into day-to-day advice on specific problems of legal compliance, including review of environmental impact statements and responses to public challenges to Air Force actions. We also manage, and sometimes participate in litigation involving the Air Force in the environmental field.

Recent pollution control legislation makes the Air Force subject to substantial state and Federal regulation, though its scope is not always clear. We work extensively with the Clean Air Act, the Federal Water Pollution Control Act, the Noise Control Act, the Resource Conservation and Recovery Act, and the Safe Drinking Water Standards Act; advising on their legal and practical implications and dealing with other government agencies and state and local governments in connection with pollution abatement facilities and enforcement actions. We also advise on military Occupational Safety & Health Act applications and regulatory programs including participating heavily in legal aspects of Air Force policy-making regarding the recently expanded OSHA program for Federal Agencies. Members of the office have lectured and spoken widely throughout the Air Force on environmental legal matters in an effort to increase awareness of the effects of new legislation, regulations, and judicial interpretations on Air Force activities.

Deployment of the MX missile system in the Western United States sums up much of this group's work. It involves 200 mobile missiles capable of being housed in 4600 underground shelters, connected by 8-10,000 miles of roads. Two major support bases, with 15-20,000 people on each one, will be required. The system may all be in one contiguous area in Nevada and Utah or West Texas and Eastern New Mexico, or split between the two. We have worked on three major environmental impact statements: devised strategies for land purchase and withdrawal from the public domain; and participated in developing an unprecedented approach to water rights acquisitions, under state, rather than federal, law and procedures. Work on the MX system has become a virtually full-time function for two attorneys in our office and involves all of the others on a frequent basis.

C. Communications

The office provides advice and counsel with regard to a number of matters in the communications field. This assistance is provided both to officials in the Secretariat and to the Communications Directorate of the Air Staff. The Air Force operates a worldwide communications network, and many of the problems relating to its use present complex legal questions. At the present time, our primary job is rendering advice on day-to-day communication operations, such as proper control of the Government network and lease or disposal of Government communications facilities.

One major continuing matter has been disposal of the White Alice Communications System (WACS) in Alaska. This system consists of an Air Force owned state-wide communication network. At one time the Air Force, through the Alaska Communication System (ACS), was in effect the common carrier for Alaska, providing military and civil communications. With the sale of a portion of the ACS, Air Force involvement with civil communications diminished, but through WACS we continued to provide the long distance service for most small communities in the state. Because of problems concerning ownership of land arising under the Alaska Native Claims Settlement Act, our office devised a plan to lease the system to RCA Alascom, purchaser of ACS and the present common carrier for the state, pending eventual sale.

The five-year lease now in effect provides for RCA either to purchase the land and facilities, making its own arrangements for clear title with any native claimants, or to turn them back to the Air Force for disposal as excess property. Problems under this lease and with the eventual site-by-site sales make this a continuing area of office involvement.



NO: 111.1

DATE: MAY 24 1955

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Functions and Duties of the General Counsel

1. The General Counsel is the final legal authority on all matters arising within or referred to the Department of the Air Force, except those relating to the administration of military justice and such other matters as may be assigned to the Judge Advocate General by Secretary of the Air Force Order.

2. The General Counsel is responsible for furnishing all necessary legal advice and assistance to the Office of the Secretary of the Air Force. The General Counsel is also responsible for providing legal advice and assistance to the Air Staff on all matters relating to:

a. Procurement and disposal of supplies, materials, and equipment, including industrial mobilization and the Mutual Security Program.

b. Procurement of services by contract.

c. Research and development.

d. Acquisition and disposal of real property and its utilization by agencies and persons outside the Department of the Air Force.

e. Construction of military public works.

f. Family housing programs.

g. Budgetary, appropriation accounting, and related fiscal matters, including preparation and presentation to Congress of appropriation legislation.

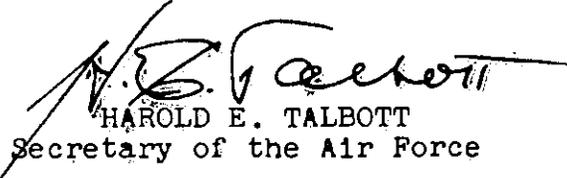
NC: 111.1

DATE: MAY 24 1955

h. Civil aviation (except representation in proceedings before administrative bodies provided by the Judge Advocate General).

i. Personnel security programs (except representation on security boards and committees provided by the Judge Advocate General).

3. The General Counsel represents the Secretary of the Air Force in dealing with other departments and agencies of the Government on all matters relating to the negotiation of international agreements affecting the Air Force.


HAROLD E. TALBOTT
Secretary of the Air Force



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

ROBERT J. McCORMICK

Robert J. McCormick is the Administrative Assistant to the Secretary of the Air Force. As the Administrative Assistant, Mr. McCormick is responsible for: administrative and financial support activities for the Office of the Secretary; assuring functional continuity during the transition of senior officials; for various administrative, security, and advisory responsibilities of the Secretary; and for contingency operations. Mr. McCormick was appointed Administrative Assistant to the Secretary of the Air Force on 24 August 1980.

During the five years prior to his return to the Air Force, Mr. McCormick was a member of the National Aeronautics and Space Administration; first as Executive Assistant to the Associate Administrator for Aeronautics and Space Technology, then as Executive Assistant to the NASA Deputy Administrator; and from September 1977 to August 1980, he was the Executive Assistant to the Administrator of NASA.

A native of Boone, Iowa, Mr. McCormick obtained a Bachelor of Science degree in Mechanical Engineering and did graduate work at Texas Technological University, Lubbock, Texas. Mr. McCormick retired from the U.S. Air Force in 1975 after having piloted a variety of aircraft while on assignments in Japan, Korea, France, Vietnam and the U.S. The last ten years of his active duty career were spent in research and development program management.

Mr. McCormick is married to the former Shirley Zerbe of Phoenix, Arizona. They have five children: Eloine, Kathleen, Michael, Tara and Tammy.



BIOGRAPHY

United States Air Force

SECRETARY OF THE AIR FORCE OFFICE OF PUBLIC AFFAIRS WASHINGTON, D. C. 20330

ROBERT W. CRITTENDEN

Robert W. Crittenden is the deputy administrative assistant to the secretary of the Air Force, Washington, D.C. He is responsible for providing assistance in the management and administration of the Office of the Secretary of the Air Force and supervising the performance of internal activities within the office of the administrative assistant.

Mr. Crittenden was born Aug. 14, 1931, in Waco, Texas. He attended San Jose State College in California where he received a bachelor of arts degree in political science in 1962. He is a graduate of the Federal Executive Institute.

During the Korean War he was on active duty as an enlisted member of the U.S. Navy and served on the USS Henrico and the USS Talladega in operations both in Korea and Japan.

His federal service began with the U.S. Air Force in 1962 as a personnel technician at McClellan Air Force Base, Calif. Subsequently he served in a variety of assignments with the Air Force including positions at Headquarters U.S. Air Force, Washington, D.C., and Headquarters Air Force Systems Command, Andrews Air Force Base, Md. He was appointed chief of the Personnel Programs Branch for the Interstate Commerce Commission in 1973 and later moved to the Community Services Administration (the anti-poverty agency) as director of personnel in 1976. Mr. Crittenden participated actively in the Classification and Compensation Society as an elected officer for more than five years and served as president of the society during 1976.

Mr. Crittenden is married to the former Marilyn Perkins of Whitman, Mass. They have two children, Amy and Robert.



THE ADMINISTRATIVE ASSISTANT

The Administrative Assistant is responsible for the management and administration of the Office of the Secretary of the Air Force. His office assures administrative continuity in the Office of the Secretary during changes of administration or top officials.

The office is designed to provide central support in a variety of functions. It provides worldwide administrative oversight for the Air Force, and the Administrative Assistant and his Deputy serve as senior Air Force officials for the personnel security and information security programs. Contingency funds including official representation funds are managed by this office. In addition, the Administrative Assistant and his Deputy make final determinations on claims against the Air Force, make medical designee determinations, and are the appellate authority for appeals under the Freedom of Information Act and the Privacy Act. Specialized services are provided as follows:

The Civilian Personnel and Personnel Services Branch is responsible for the implementation of all policies and administrative actions relative to the assignment and utilization of civilian personnel assigned to OSAF, including Field Activities, the White House and various committees.

The Military Personnel Branch is responsible for the implementation of all policies and administrative actions relative to the assignment and utilization of military personnel assigned to OSAF including Field Activities, the White House and various committees.

The Travel Branch is responsible for all matters relating to the temporary duty travel of military and civilian personnel assigned to OSAF, its support and field offices, and personnel assigned to the White House, the Vice President's Office and various councils and committees.

The Office Services and Supply Branch is responsible for office space management and for providing required items of equipment and supplies, and furnishing office services to all activities within OSAF.

The Administrative Management Division is responsible for providing administrative planning, systems advice, and support to OSAF functional managers. It also provides a Word Processing Center which is responsible for correspondence preparation for all OSAF personnel assigned in the Pentagon.

The DOD News Clipping and Analysis Service (the Air Force is the Executive Agent) serves the Secretary of the Air Force, the Secretary of Defense, and all elements of DOD as a source of factual and historical information related to their official responsibilities. Conducts special studies and analyses on a wide range of national security issues.



NO: 110.

DATE: JUL 17 1960

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Authorities and Duties of the Administrative Assistant to the Secretary of the Air Force

1. The Administrative Assistant is responsible for:

a. Management and administration of the Office of the Secretary of the Air Force including advisory services on Departmental management and administrative matters; assures administrative continuity in the Office of the Secretary during changes of top officials; performs various functions and special projects involving matters in the Department as directed by the Secretary; and, conducts studies, inquiries and surveys in response to the needs of the Secretary and his principal assistants.

b. Direction, guidance, and supervision over all matters pertaining to the formulation, review, and execution of plans, policies and programs relative to the Air Force information security program and to the military, civilian, and industrial personnel security and investigative programs.

2. Specific duties of the Administrative Assistant include:

a. administering the contingency funds of the Secretary;

b. developing and maintaining the continuity of operations plan for the Office of the Secretary;

c. under policy guidance of the Office of the Assistant Secretary of Defense (Public Affairs), administering the Department of Defense news clipping service, maintaining research files and providing informational and historical research and news analysis for all elements of the Department of Defense;

d. conducting special projects for the Secretary of the Air Force;

e. controlling the Secretary of the Air Force Order system;

f. providing a focal point for monitoring, coordinating or consolidating Air Force responses or inputs on certain reports for the White House, Secretary of Defense, and other Federal agencies;

g. providing custody and control over use of the Air Force Seal and other authentication devices;

h. reviewing miscellaneous claims against the Air Force including those under the Military Claims Act, and announcing the decision for the Secretary of the Air Force;

i. providing security services for the Office of the Secretary including advisory services on Departmental security matters;

j. as the representative of the Secretary, serving on various boards and committees, such as the Federal Executive Officers Group, the continuity Planning Committee, and the OSD Space Committee for the area encompassing the Seat of Government;

k. announcing medical designations for the Secretary in accordance with AFR 168-6;

l. determining the disposition of appeals to the Secretary under the provisions of the Freedom of Information Act;

m. serving as the final decisional authority on appeals under the Privacy Act;

n. providing administrative and management services for the Office of the Secretary of the Air Force involving:

NO: 110.1
DATE: JUL 17 1980

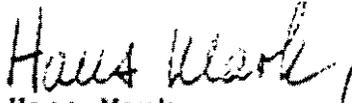
organization, manpower, financial management, military and civilian personnel administration, travel and local transportation services and office space allocation and utilization;

o. reviewing and coordinating for the Office of the Secretary significant Air Staff Directorate of Administration proposals concerning Air Force-wide administrative matters.

Serves as a channel of communications and provides representation within the Secretariat, with OSD and other governmental agencies on administrative programs.

3. This Order is issued in accordance with Air Force Regulation 11-18, dated 18 July 1963, subject: "Delegating or Assigning Statutory Authority."

4. Secretary of the Air Force Order No. 110.1, dated April 20, 1976, is hereby superseded.



Hans Mark
Secretary of the Air Force



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

COLONEL RICHARD F. ABEL

Colonel Richard F. Abel is director of public affairs, Office of the Secretary of the Air Force, Washington, D.C.

Colonel Abel was born Oct. 28, 1933, in Akron, Ohio, and graduated from Saint Ignatius High School in 1951. He graduated from the University of Detroit in 1956 with a bachelor of science degree in business administration and a commission as a second lieutenant in the Air Force through the Reserve Officers' Training Corps program. The colonel completed Squadron Officer School at Maxwell Air Force Base, Ala., in 1962. He also attended graduate school at Boston University.



After receiving his pilot wings in May 1957 at Laredo Air Force Base, Texas, Colonel Abel was assigned to Lackland Air Force Base, Texas, as a training officer and academic instructor in the aviation cadet program; aide-de-camp to Major General Robert Stillman; and leader of the "Warhawk" jet aerobatic team. In June 1962 Colonel Abel was assigned to Williams Air Force Base, Ariz., as an instructor pilot.

He was assigned as an air officer commanding at the Air Force Academy, Colo., from January 1963 to May 1965 when he began his public affairs career as an information services officer. From May 1966 until June 1968, he was assigned as deputy chief of community relations and chief of the Public Affairs Division at the academy. The colonel also was assistant football coach of the Air Force Academy Falcons during this time.

In July 1968 the colonel was assigned to the 7th Air Force in Saigon, Republic of Vietnam, as chief of the Combat News Division in the Directorate of Information. One year later he became a public affairs officer for the commander in chief of the U.S. Pacific Command at Camp H.M. Smith, Hawaii.

Colonel Abel returned to the Air Force Academy in August 1972 as director of the Admissions Liaison Office. From February to March 1973 he was sent to the Pacific area to assist with Operation Homecoming. Colonel Abel made five trips to Hanoi as a public affairs officer to escort returning American prisoners of war from the North Vietnamese prison camps.

From September 1973 to July 1978, he was director of public affairs for the Pacific Command at Camp H.M. Smith. He remained there until July 1978 when he was assigned as special assistant to the chairman, Joint Chiefs of Staff, in Washington, D.C. He assumed his present duties in August 1980.

His military decorations and awards include the Defense Superior Service Medal, Bronze Star Medal, Defense Meritorious Service Medal, Meritorious Service Medal with one oak leaf cluster, Joint Service Commendation Medal with one oak leaf cluster and Air Force Commendation Medal.

(Current as of September 1980)

OVER

The colonel is a member of the National Board of Trustees of the Fellowship of Christian Athletes and the National Public Information Committee for the United Services Organization.

He was promoted to colonel Sept. 1, 1977, with date of rank April 30, 1977.

Colonel Abel is married to the former Ann Voelcker of San Antonio, Texas. They have three daughters and a son.

PRINCIPAL FUNCTIONS

1. Public Affairs Evolution

The Air Force Public Affairs program, like the United States Air Force, had its beginnings many years before the Department was formed in 1947.

a. The Air Force's first news release announced the creation, on August 1, 1907, of an Aeronautical Division in the office of the Army Chief Signal Officer.

b. Illustrious leaders in Air Force history have served at times in key public affairs positions. Among them was Major H. H. Arnold, Chief of the Information Division in 1925, who later headed the United States Army Air Corps during World War II as a 5-star general.

c. When the United States Air Force was formed as a separate service in 1947, Stephen R. Leo, a former Maine newspaperman, served as the first Director of Public Relations for the new office. The Directorate consisted of the Air Information Division under Major General Emmett O'Donnell, Jr., and Legislative Liaison Division under Brig. General John K. Gerhart.

d. In 1952, the Directorate of Public Relations was redesignated the Office of Public Information. A year later, Air Force Vice Chief of Staff General Thomas D. White signed a letter reorganizing a new office called Information Services. This reorganization, for the first time, combined the internal, community relations, and media relations functions.

e. The title became the Office of Information on October 1, 1959.

f. Twenty years later, on October 1, 1979, the Office of Information was redesignated the Office of Public Affairs.

2. Public Affairs Objectives

a. Increase Public Understanding. The Air Force Public Affairs program was established to increase the public's understanding and knowledge of the Air Force mission and needs. The public includes members of the Air Force—citizens in uniform. Recognition of public interests and attitudes is essential, since the role of aerospace power in our national defense eventually must be resolved by the citizens of the United States.

This public understanding cannot be achieved without a similar understanding within the Air Force. Each individual in the Air Force, both military and civilian, therefore, must be familiar with the Air Force roles and mission and become a source of reliable information.

b. Primary Objectives. To fulfill its obligations to the American people and to the personnel of the Air Force, the public affairs program has the following primary objectives:

(1) To assist the American people, including Air Force members, in their understanding of:

(a) Threats to the United States and the Free World, and the need for the Air Force to be alert against potential aggression.

(b) The relationship of the Air Force to the other armed services of the United States.

(c) The day-to-day activities of the Air Force and its capability as an instrument of national policy.

(d) The need for continual research, development and modernization of Air Force systems.

(e) The need to attract and retain qualified Air Force personnel.

(f) The essential role of United States aerospace power in foreign relations.

(2) To insure consistency by Air Force personnel when speaking officially or writing about service policy, doctrine or concepts.

c. **Functional Objectives.** To carry out the primary Air Force public affairs objectives, the Air Force public affairs program is divided into three major functions: internal information, media relations, and community relations. Additionally, plans and resources management, and security and policy review activities are vital to successful public affairs functions.

(1) **Internal Information.** The internal information program is administered by the Air Force Service Information and News Center, Kelly AFB, Texas.

(a) The program is designed to: keep Air Force personnel informed about Air Force missions, and about key Air Force, DOD, and national policies, decisions and actions; stress the importance and emphasize their responsibilities as Air Force members; and develop an awareness in all Air Force members of their responsibilities as United States citizens.

(b) Products include the following:

- 1 Base Newspapers
- 2 Air Force News Service
- 3 Base Radio/Television Stations (American Forces Radio and Television Service)
- 4 Mini-Television
- 5 Commander's Call
- 6 "Air Force Now"
- 7 Air Force Policy Letter for Commanders and Supplement thereto

8 Airman Magazine

9 Editorial Products (biographies, fact sheets, speech inserts, pamphlets, brochures, lithographs)

10 Hometown News Releases (through consolidated Army and Air Force Center)

11 Magazine and Book support.

(2) **Media Relations.** Media relations involves collecting, analyzing, and disseminating to the public and news media unclassified, releasable written and audiovisual information about the Air Force and its activities. It:

(a) Makes available, consistent with security restrictions, the full record of the Air Force to the American people.

(b) Reports how the Air Force uses its manpower, material, and money.

(3) **Community Relations.** The community relations function consists of planning, conducting, and evaluating programs and actions which integrate the Air Force into community life. An effective community relations program creates mutual acceptance, respect, appreciation, and cooperation between the Air Force and the community by:

(a) Maintaining effective two-way communication.

(b) Informing members of the community about the Air Force and increasing awareness, understanding, and support of the Air Force mission and the contributions of its people in the community.

(c) Providing Air Force members with information concerning the community—including resources, attractions, customs, and problems—and encouraging participation in civic affairs.

(d) Assisting the Air Force personnel recruiting and retention programs.

(4) **Plans and Resource Management.** This supporting function consists of developing, implementing, and evaluating plans and programs for effective and efficient management of public affairs resources. It involves:

(a) Organization-wide management of resources.

(b) Analyzing all factors which affect the public affairs function at all levels, identifying trends and evaluating courses of action to assure best use of public affairs resources, and developing program guidance.

(c) Monitoring professional career development.

(d) Developing, conducting, and evaluating special public affairs projects.

(5) **Security and Policy Review.** The security and policy review function ensures that information proposed for release through any media meets criteria and provisions for safeguarding national security matters and is in consonance with established departmental and governmental policies and programs. The review function:

(a) Protects Air Force members from inadvertently violating security or policy requirements in official and unofficial releases.

(b) Delegates clearance authority to the lowest echelon competent to evaluate content and implication of the information proposed for release.

(c) Certifies releasability of information proposed for release.

3. **Public Affairs Organization**

a. **Director of Public Affairs (SAF/PA).** The Office of Public Affairs is a staff agency of the Secretary of the Air Force. The Director of Public Affairs is directly responsible to the Secretary of the Air Force for operating the Air Force public affairs program. He also serves as public affairs advisor to the Chief of Staff and the Air Staff. This includes planning for, and the direction and supervision of, the Media Relations and Community Relations Divisions, the Office for Security Review, and the Office for Plans and Resources, all located in the Pentagon, Washington, D.C. The Director of Public Affairs also directs and supervises the Commander, Air Force Service Information and News Center (AFSINC), located at Kelly AFB, Texas, and three operating locations of public affairs located in New York City, Los Angeles and Chicago.

(1) **Air Force Service and Information News Center (AFSINC).** In August 1977, the Secretary of the Air Force and the Chief of Staff announced manpower reductions in Air Force departmental staffs to improve management responsibilities. Studies recommended combining special information activities in a single separate operating agency (SOA). The consolidation and relocation to Kelly AFB of the Internal Information Division, Command Services Unit, Hometown News Center, Magazine and Book Branch, and support for metropolitan information functions was approved in April 1978. In 1980, the Magazine and Book Branch was located with the USAF Still Photo Depository at 1221 S. Fern St. in Arlington, Virginia.

(a) AFSINC provides Air Force-wide service to help Air Force commanders carry out their mission by planning and executing the U. S. Air Force internal information program. AFSINC develops, produces, and distributes major print and audiovisual products in support of Air Force information, orientation, motivation and the retention goals.

(b) AFSINC also builds morale and public awareness of the Air Force mission by promptly relating accurate information about Air Force people, systems, and missions to hometown news media and national commercial magazine and book publishers.

(2) **Air Force Public Affairs Operating Locations.** Three operating locations serve the major media centers of New York (AFOPA-NY), Los Angeles (AFOPA-LA), and Chicago/Midwest (AFOPA-MW). These offices are central

points of contact to expedite responses to media and members of the public. Although not chargeable as a cost of Air Force recruiting, the activities of the metropolitan offices contribute significantly to Air Force recruiting efforts through close liaison and direct support. They also provide liaison and advisory support to Public Affairs Reserve Squadrons and Flights.

(a) AFOPA-NY responds to media requests in the New York area, providing photography, written materials, and liaison with newspapers, book and magazine publishers, national news bureaus and networks, and radio and television services. The office also monitors and conducts news conferences and interviews for top Air Force officials, and supports the International Liaison Division, HQ USAF, with protocol missions involving visits of foreign dignitaries.

(b) AFOPA-LA assists the theatrical industry concentrated on the West Coast, both motion picture and radio-television; assists national news media in the Los Angeles area by providing photography and obtaining cleared material; plans and conducts news media tours; and monitors and conducts news conferences and interviews for top Air Force officials. Also, AFOPA-LA coordinates Air Force public affairs activities, both active and reserve, in Southern California.

(c) AFOPA-MW assists Chicago area broadcast and print media; obtains cleared material for national and local news media; plans and conducts news conferences and interviews for top Air Force officials; and accomplishes special public affairs projects as needed. AFOPA-MW also coordinates public affairs activities, both active and reserve, in other major cities of the Mid-West.

b. The National Guard Bureau, Office of Public Affairs. This office develops public affairs programs for use by the state National Guard units, and maintains liaison with Air Force, Army, and Department of Defense offices.

c. Office of Air Force Reserve, Public Affairs Division. This office provides policy guidance to Headquarters Air Force Reserve and the Air Reserve Personnel Center for their public affairs programs. It serves as the Reserve focal point for liaison with Reserve components of other services, and provides policy guidance and technical assistance for the Air Force Reserve advertising program. The Chief of the Public Affairs Division is the SAF/PA Special Assistant for Air Force Reserve Affairs.

d. Special Assistants (for Public Affairs). These officers are assigned to 15 deputates and offices within Headquarters USAF to provide two-way communication on public affairs matters. Special assistants frequently become involved in the planning and preparation of public affairs news releases, responses to query, security review, and coverage of major Air Force programs and projects within their assignment area of responsibility.

e. Special Public Affairs Units. SAF/PA provides policy guidance and supervision of several special public affairs units. Among these are:

(1) Air Force Orientation Group (AFOG). Located at Wright-Patterson AFB, Ohio, this organization is the official Air Force exhibition unit. It designs, constructs, maintains, transports, and presents exhibits, displays, and other audiovisual materials depicting Air Force progress, activities, missions, equipment, and personnel. AFOG is assigned to the Air Force Logistics Command

(AFLC) for administrative support, but is under the operational control of SAF/PA.

(a) AFOG devotes maximum effort to motivating qualified youth for voluntary service in the USAF. AFOG displays portray the advancement of aerospace power, including its significance and responsibility for the security of the nation, as well as the heritage and tradition of the service.

(b) SAF/PA establishes general policies for budgeting and manning AFOG, and maintains operational control of exhibits and displays.

(2) **Air Force Bands.** SAF/PA establishes overall management policies for Air Force bands. The Bands Branch, part of the Community Relations Division, manages all aspects of the program.

(a) Currently 20 bands: 17 in CONUS and 3 overseas (down from 35 in FY 68). The special band at U. S. Air Force Academy has 96 pieces; most field bands consist of 60, 45 or 35 pieces.

(b) The U. S. Air Force Band at Bolling AFB is under command authority of Hq 76th Airlift Wing (MAC), Andrews AFB. SAF/PA schedules and oversees technical proficiency. It consists of: Air Force Concert Band, Ceremonial Band, Singing Sergeants, Strolling Strings, Airmen of Note, and Mach One.

(3) **USAF Air Demonstration Squadron (Thunderbirds).** Established as the official Air Force air demonstration team, the Thunderbirds--located at Nellis AFB, Nevada--are under the operational, administrative, and logistic control of the Tactical Air Command (TAC).

(a) The team presents precision aerial maneuvers exhibiting the capabilities of modern high performance aircraft and the high degree of professional skill required to operate these aircraft. Its primary objectives are to support Air Force recruiting and retention programs and reinforce public confidence in the U. S. Air Force while demonstrating the professional competence of morale and esprit among Air Force personnel, and support U. S. Air Force community relations programs.

(b) The Community Relations Division reviews all requests for Thunderbird demonstrations for overall community relations desirability, suitability, and timeliness; coordinates with DOD and other agencies; and schedules demonstrations.

(4) **Air Force Museum.** The Air Force Museum, located at Wright-Patterson Air Force Base, Ohio, is under the operational control of the Commander, Air Force Logistics Command. The Secretary of the Air Force, through the Office of Public Affairs, provides policy guidance for the program. The Air Force Museum's mission is to portray the history of the United States Air Force. It does this by exhibiting items associated with historic events, notable achievements, and important technical developments of flight and of the Air Force. There also are 10 local and base level museums which are responsible to the Air Force Museum.

4. Relationship To DoD Public Affairs

a. **DoD Principles of Public Information.** The Air Force Public Affairs program is based directly on the DOD Principles of Public Information. The ultimate goal of the principles is an open government, with communications flowing freely between the Air Force and American public it serves. Quoted in brief, the principles state:

(1) It will be the Department's basic policy to make available timely, accurate information about plans, budgets, and activities so that the public, the Congress, the press, radio, and television may assess and understand Defense programs. Requests for information from organizations and private citizens will be answered responsively and as rapidly as possible. When necessary, coordination with other Departments and agencies will be accomplished without undue delay. In carrying out this basic policy, the following principles apply:

(a) Information will be made fully and readily available unless its release is precluded by statute (as in application of the Privacy Act or the Freedom of Information Act) or is precluded by current and valid security classification.

(b) Information will be withheld when disclosure would adversely affect national security or threaten the privacy or personal safety of men and women of the Armed Forces.

(c) Information will not be classified or otherwise withheld to avoid criticism or embarrassment.

(2) In some instances, the Department's obligation to provide the public with accurate, timely information on its major programs will require detailed public information planning and coordination within the Department and with other government agencies. The sole purpose of such planning and coordination is to expedite the flow of information to the public; propaganda has no place in Department of Defense public information programs.

(3) The Assistant Secretary of Defense (Public Affairs) is assigned the primary responsibility to carry out this commitment. As such, he serves as the principal assistant for public information and community relations.

b. **DOD Public Affairs System.** the Department of Defense public affairs program seeks to provide the American people maximum information about the Department of Defense, consistent with national security. It tries to contribute to good relations between DOD and all segments of the public at home and abroad. In overseas areas, these activities are carried out in collaboration with the Department of State and the International Communication Agency (ICA), which formerly was the United States Information Agency.

(1) Within the Department of Defense, the combat forces of the United States are organized into specified and unified commands.

(2) Air Force units stationed within unified command thus are subject to both Air Force and unified command guidance, as passed through the major command. Overseas public affairs direction flows from the Assistant Secretary of Defense (Public Affairs) directly to unified commands, bypassing the service directors of public affairs, who also forward guidance and policy to service major commands and separate operating agencies.

(3) Each U. S. Embassy has a country team composed of representatives of the Defense Attache Office, State Department Public Affairs Office, and CIA representatives, and sometimes a senior U. S. military Public Affairs Officer. They oversee public affairs programs and activities within each country to insure support of the country plan objectives.

(4) At all Air Force units, conduct of a public affairs program is a command responsibility at each level of command. Subject to guidance by OASD/PA and/or SAF/PA, and the desires of their commanders, public affairs officers supervise the public affairs program within each command. At base level, public affairs officers supervise and coordinate public affairs activities of subordinate units on base, coordinate with tenant units for their public affairs activities, and advise the base/wing/group commander on matters pertaining to the public affairs program. For units below wing level, these functions may be performed by public affairs representatives, with guidance and assistance provided by the base public affairs officer.

5. What SAF/PA Does For SECAF

a. At Headquarters USAF level, SAF/PA is a staff agency in the office of the Secretary of the Air Force.

(1) The Director of Public Affairs advises the Secretary, the Chief of Staff, the Secretariat, and the Air Staff on matters related to the public affairs program.

(2) The Director is responsible to the Secretary for operating the Air Force public affairs program. This includes planning for, and supervision of, the internal information, media relations, community relations, and security review programs of the entire Air Force.

(3) The program also includes a planning and resource management function that manages professional training for officers, civilians, and enlisted personnel in the public affairs field. Among these are Air Force participation in the Defense Information School, the Air Force Institute of Technology, Education with Industry and the Air Force Short Course in Communication at the University of Oklahoma.

b. Specific SAF/PA Assistance to the Secretary of the Air Force includes the following:

(1) Offers public advice and counsel.

(2) Keeps current on significant news and happenings (good and bad).

(3) Serves as "devil's advocate" expressing civilian and media points of view.

(4) Provides media training for television and other public appearances.

(5) Makes recommendations for official and semi-official invitations.

(6) Coordinates (with Military Assistants) arrangements for speaking engagements and other public appearances.

- (7) Works with speech writers to develop significant statements.
- (8) Obtains security review of proposed public statements.
- (9) Accompanies (as desired) on trips away from Washington to provide assistance with public affairs/news media activities.
- (10) Recommends appropriate media contacts and provides background books for media encounters.
- (11) Has daily interface with Air Staff and OASD(PA).
- (12) As the Staff Agency responsible for all Air Force Public Affairs activities:
 - (a) Provides an informed and motivated force of officers, airmen and civilians.
 - (b) Works to demonstrate that Air Force is a good neighbor.
 - (c) Helps tell Air Force story through public news media.
 - (d) Provides public affairs inputs to the Air Force Issues Team.
- (13) Works in close harmony with Executive, Military Assistant, Aide, Legislative Liaison and General Counsel to accomplish all of the above.



NO: 113.1
DATE: OCT 23 1979

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Organization and Functions of the Office of Public Affairs

1. The Office of Public Affairs consists of:
 - a. Office of the Director
 - (1) Office for Security Review
 - (2) Office for Plans and Resources
 - b. Community Relations Division
 - c. Media Relations

2. The Director of Public Affairs, under the direction of the Secretary of the Air Force and the general supervision of the Under Secretary, and consistent with policies established by the Office of the Secretary of Defense, is assigned the authority and responsibility to discharge the duties and functions prescribed herein. This authority extends to relationships and transactions with all elements of the Department of the Air Force and other governmental and nongovernmental organizations and individuals.

3. The Director of Public Affairs advises and assists the Secretary of the Air Force, the Chief of Staff, and all other principal civilian and military officials of the Department of the Air Force, concerning public affairs activities. He is responsible for:

-
- a. Conducting the operations of the United States Air Force Public Affairs program.
 - b. Planning, directing, and supervising internal and external Public Affairs activities.
 - c. Developing and supervising programs designed to maintain effective community relations.
 - d. Maintaining liaison with counterpart Public Affairs offices of the Office, Secretary of Defense, Army, Navy, and other governmental and industrial organizations.
 - e. Security review and clearance (as the sole agent within the Department of the Air Force) of official information proposed for release through any medium of information or open publication by the Congress, except for information required to be released under the Freedom of Information Act (5 USC 552) and the Privacy Act of 1974 (5 USC 552a).

4. This Order is issued in accordance with Air Force Regulation 11-18, dated 18 July 1963, subject: "Delegating or Assigning Statutory Authority."

5. Secretary of the Air Force Order No. 113.1, dated April 30, 1976, is hereby superseded.

Hans Mark

Hans Mark
Secretary of the Air Force



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

JIMMIE D. HILL

Responsible for assisting the Secretary of the Air Force in discharging his responsibility for the direction, supervision, policy, security, and control of space systems.

Born 28 December 1933 in Fort Worth, Texas. Attended the University of Wichita and the University of Oklahoma, majoring in Accounting. Mr. Hill entered the Air Force in 1951, receiving his commission through OCS in 1960, and served a total of 23 years. He was involved with a wide variety of Comptroller activities related to weapon systems acquisition through 1966. During the next five years, Mr. Hill was assigned to the Secretary of the Air Force Special Projects Office in Los Angeles. In 1971 he was reassigned to the Office of the Secretary with duty assignments to the CIA and the Intelligence Community Staff, assisting in the management of specialized programs, where he remained until his retirement in February 1974. At that time he accepted a civilian position with the CIA. In September 1974 he left the CIA to become Assistant for Special Programs, Office of the Under Secretary of the Air Force. In this position he was responsible for the financial management of classified space projects. On 12 June 1978, Mr. Hill assumed his current position.

Mr. Hill's Air Force decorations include the Legion of Merit, the Meritorious Service Medal and the Air Force Commendation Medal with three Oak Leaf Clusters. In January 1977 he was awarded the DOD Distinguished Civilian Service Medal. In September 1980 he was selected to receive the Presidential Rank Award of Meritorious Executive.

Mr. Hill resides in McLean, Virginia, with his wife Martha. They have four children: Bill, Loretta, Carol and Patricia.

OFFICE OF SPACE SYSTEMS

The Office of Space Systems is primarily responsible for assisting in the direction and supervision of selected high priority national space systems. These responsibilities include advice and cognizance of security and operational functions related to selected space activities, both technical and policy aspects. The Director is responsible for maintaining liaison with the Office of the Secretary of Defense, the Joint Chiefs of Staff and other Government Departments and Agencies on space related matters. The Office of Space Systems is chartered to work interdepartmental issues and participates in all major interdepartmental working groups on space related activities. Additionally, the review or creation of substantive space policy are within the purview of the Office of Space Systems.



NO: 115.1

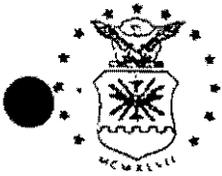
DATE:

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Organization and Functions of the Office of Space Systems

1. There is hereby established the Office of Space Systems in the Office of the Secretary of the Air Force.
2. The Director of the Office of Space Systems is primarily responsible for assisting the Secretary in discharging his responsibility for the direction, supervision, policy, security and control of space systems. He is responsible for maintaining liaison with the Office, Secretary of Defense and other interested Governmental agencies on matters relative to his assigned responsibilities.
3. Secretary of the Air Force Order No. 115.1, dated January 26, 1962, is hereby superseded.
4. This Order is issued in accordance with AFR 11-18 dated July 18, 1963, subject: "Delegating or Assigning Statutory Authority."

HANS MARK
Secretary of the Air Force



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

MAJOR GENERAL GUY L. HECKER JR.

Major General Guy L. Hecker Jr. is the director of the Office of Legislative Liaison, Office of the Secretary of the Air Force, Washington, D.C.

General Hecker was born March 6, 1932, in Louisville, Ky., and later moved to Mobile, Ala. He graduated from Murphy High School in 1949 and attended the Marion (Ala.) Institute. He graduated from The Citadel in Charleston, S.C., as a distinguished military graduate and with a bachelor of arts degree in 1954. He received a master's degree in international relations from The George Washington University, Washington, D.C., in 1972. He graduated from Squadron Officer School at Maxwell Air Force Base, Ala., in 1958; Royal Air Force Command and Staff College, Andover, England, in 1967; and the National War College, Fort Lesley J. McNair, Washington, D.C., in 1972. He completed the program for management development at Harvard University's Graduate School of Business and, by correspondence, the Industrial College of the Armed Forces.



General Hecker was commissioned through the Air Force Reserve Officers' Training Corps program at The Citadel. He earned his pilot wings in November 1955 at Webb Air Force Base, Texas. He then completed F-86D training at Perrin Air Force Base, Texas, and in June 1956 became an air training officer at the newly established U.S. Air Force Academy, then temporarily located at Lowry Air Force Base, Colo. He was next assigned to the 55th Tactical Fighter Squadron, 20th Tactical Fighter Wing at Royal Air Force Station Wethersfield, England, flying F-100s.

Upon returning to the United States in 1961, General Hecker was assigned to the 4510th Combat Crew Training Group at Luke Air Force Base, Ariz. While at Luke he served as flight commander and later as chief of the Plans, Programming and Scheduling Section, 4510th Combat Crew Training Group.

In 1964 General Hecker was assigned to Headquarters Tactical Air Command, Langley Air Force Base, Va., as a staff officer in fighter operations. He entered the Royal Air Force Command and Staff College in December 1966. After graduation he was assigned to the 90th Tactical Fighter Squadron, 3rd Tactical Fighter Wing, Bien Hoa Air Base, Republic of Vietnam. While there he flew 169 combat missions in the F-100. In August 1969 General Hecker was assigned to Headquarters U.S. Air Force, Washington, D.C., as chief, regular general officer matters, Office of the Deputy Chief of Staff, Personnel.

After graduation from the National War College in 1972, General Hecker was assigned to Plattsburgh Air Force Base, N.Y., as the commander of the 528th Bombardment Squadron, 380th Bombardment Wing, flying FB-111s. In April 1974 he became assistant deputy commander for operations of the 380th Bombardment Wing and in August 1974 became deputy commander for

operations. In July 1975 he assumed the responsibilities of deputy commander for maintenance. In May 1976 General Hecker took command of the 509th Bombardment Wing at Pease Air Force Base, N.H., and in January 1978 became commander of the 45th Air Division, also at Pease.

From December 1978 to April 1980, General Hecker served as special assistant for M-X matters, Office of the Deputy Chief of Staff, Research, Development and Acquisition, Headquarters U.S. Air Force. He assumed his present duties in May 1980.

General Hecker is a command pilot with more than 4,900 flying hours, including 211 combat hours. His decorations and awards include the Silver Star, Legion of Merit with one oak leaf cluster, Distinguished Flying Cross, Bronze Star Medal, Meritorious Service Medal with one oak leaf cluster, Air Medal with nine oak leaf clusters, Air Force Commendation Medal, Republic of Vietnam Gallantry Cross with palm and Republic of Vietnam Armed Forces Honor Medal 1st Class. He also wears the missile badge.

General Hecker assumed the grade of major general June 2, 1980.

He is married to the former Frances Kea of Ruleville, Miss. They have three children: Scott, Michael and Karen.



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

BRIGADIER GENERAL JAMES D. GORMLEY

Brigadier General James D. Gormley is the deputy director of legislative liaison, Office of the Secretary of the Air Force, Washington, D.C. He assists the director in providing advice and assistance to the secretary of the Air Force and other senior officials of the Department of the Air Force concerning Air Force legislative affairs and congressional relations.

General Gormley was born March 24, 1931, in Minneapolis. He graduated from Rapid City (S.D.) High School in 1949. He received a bachelor of arts degree in business in 1953 from the College of St. Thomas, St. Paul, Minn., and a master of business administration degree in 1971 from Auburn University, Auburn, Ala. He is a graduate of Squadron Officer School and the Air War College, both at Maxwell Air Force Base, Ala.



General Gormley was commissioned in 1953 through the Reserve Officers' Training Corps program and received his pilot wings at Greenville Air Force Base, Miss., in October 1954. He served in Japan from early 1955 until 1957, with assignments at Shikotsu Air Force Detachment and Misawa Air Base.

In October 1957 General Gormley was assigned to Ellsworth Air Force Base, S.D., where he served as an interceptor pilot and flight commander with the 54th Fighter-Interceptor Squadron. He transferred to the 5th Fighter-Interceptor Squadron, Minot Air Force Base, N.D., in November 1960 as flight commander. In April 1964 he moved to Tyndall Air Force Base, Fla., as chief of the 4756th Combat Crew Training Squadron's F-106 Academics Section.

In December 1966 he entered F-105 training at Nellis Air Force Base, Nev., and in June 1967 was assigned to the 333rd Tactical Fighter Squadron, Takhli Royal Thai Air Force Base, Thailand. While there he completed 100 F-105 missions over North Vietnam.

General Gormley was assigned in April 1968 to Pacific Command headquarters at Camp H. M. Smith, Hawaii, where he served as aide to the commander in chief, Pacific.

He returned to the United States in June 1970 to attend the Air War College and graduated in May 1971. He was then assigned as deputy chief of the Congressional Investigations Division, Office of the Secretary of the Air Force, Washington, D.C. From July 1972 until April 1975, he was chief, Senate Liaison Office, Directorate of Legislative Liaison, Office of the Secretary of the Air Force.

From May 1975 until January 1977, General Gormley was the vice commander, 93rd Bombardment Wing, Castle Air Force Base, Calif. He returned to Minot Air Force Base as commander of the 5th Bombardment Wing from January 1977 until September 1978 when he became commander of the 57th Air Division. He assumed his present position in September 1979.

(Current as of January 1980)

O V E R

The general is a command pilot with more than 4,000 flying hours in a variety of aircraft. His military decorations and awards include the Silver Star, Legion of Merit, Distinguished Flying Cross with one oak leaf cluster, Air Medal with 10 oak leaf clusters, Joint Service Commendation Medal and the Air Force Commendation Medal with two oak leaf clusters.

General Gormley was promoted to brigadier general March 1, 1979, with date of rank Feb. 26, 1979.

He is married to the former Jane Anne Guthrie, a member of an Air Force family. They have three sons: Michael James, Mark Joseph and Matthew John. His hometown is Rapid City, S.D.

OFFICE OF LEGISLATIVE LIAISON

The Director of Legislative Liaison works directly for the Secretary of the Air Force and is the control point for all Air Force-Congressional relationships. He advises the Secretary, the Chief of Staff, and other USAF officials on all Air Force legislative affairs and congressional activities, except those on appropriations which the Director of Budget (AF/ACB) handles. Inversely, matters of Air Force interest originating in Congress are processed through SAF/LL before the appropriate Air Force agency receives them for action.

Legislation Division

Focal point on all legislative matters (excluding those related to weapons systems and appropriations) affecting the Air Force. Monitors committee/subcommittee actions, hearings, etc., related to the Military Construction Program, manpower and training needs, and legislative requirements in the personnel area.

Inquiry Division

Air Force single point of contact for constituent inquiries (primarily personnel matters) from the White House and Members of Congress. Two branches split the workload by states. Assigns, monitors and expedites Air Staff action in formulating responses. Replies to all inquiries in a timely, factual and responsive manner.

Program Liaison Division

Makes most of the announcements regarding significant matters to interested Senators/Representatives; e.g., base closures; force structure realignments; all factors pertaining to publication of Environmental Impact Statement; contract awards of \$3,000,000 and up; contracting out announcements. Also liaison with OSD and Air Force Office of Information on same subjects.

Systems Liaison Division

Focal point for all Congressional committee inquiries, investigations and legislative activity related to Air Force weapons systems (excluding appropriations matters). Provides for and assists Air Force witnesses at Congressional hearings.

Senate And House Liaison Offices

Initial point of contact between the Air Force and the Houses of Congress. Most of the workload is concerned with constituent problems in which the senators and representatives have more than a routine interest.

Legislative Research Office

Disseminates information concerning congressional activities to the Air Force. Among the documents it publishes are (1) Legislative Digest, (2) a daily Hearing Schedule, and (3) Congressional Committee Book. This office also provides biographical information and legislative background material on Members of Congress, etc.

Data Operations Center

Is the focal point within the Air Force for controlling, processing, dispatching and filing all correspondence from/to the President, Vice President, Members of Congress, Cabinet Members and other elected officials.



NO: 112.1
DATE: MAY 5 1980

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Organization and Functions of the Office of
Legislative Liaison

1. The Office of Legislative Liaison consists of:
 - a. Office of the Director;
 - b. Inquiry Division;
 - c. Legislation Division;
 - d. Systems Liaison Division
 - e. Program Liaison Division
 - f. Air Operations Office; and
 - g. Legislative Research Office.

2. The Director of Legislative Liaison, subject to the direction, control and general supervision of the Secretary of the Air Force, is assigned the authority and responsibility to discharge the duties and functions prescribed herein. This authority extends to relationships and transactions with all elements of the Department of the Air Force and other governmental and non-governmental organizations and individuals.

3. The Director of Legislative Liaison advises and assists the Secretary of the Air Force and all principal civilian and military officials of the Department of the Air Force concerning Air Force legislative affairs and Congressional relations. With the exception of Appropriation and Budget Committee matters, he is responsible for:

- a. Developing, coordinating and supervising the Air Force legislative program;

b. Evaluating and reporting legislative matters pertaining to the Air Force, including dissemination of pertinent legislative information to appropriate Air Force officials and offices;

c. Preparation and coordination of reports, the testimony and related statements on legislation to the Office of the Secretary of Defense, the Bureau of the Budget and the Congress, including scheduling and other arrangements for presentation of legislative testimony before Congressional Committees;

d. Preparation of reports and arranging for presentation of testimony pertaining to real estate and construction projects for approval of the Armed Services Committees;

e. Processing and preparation of replies to inquiries from Committees on Congress, including arranging for presentation of testimony at hearings held by Committees pursuant to their investigative functions;

f. Processing and preparation of replies to correspondence and inquiries from Members of Congress, the Executive Office of the President, and the Office of the Vice President;

g. The release of classified information to the Congress in accordance with policies prescribed by the Secretary of the Air Force;

h. Maintaining cognizance of correspondence and inquiries reflecting criticism of Air Force policy and, where appropriate, instituting recommendations for possible remedial action thereto;

i. Supervising travel arrangements for such Congressional travel as may be designated an official responsibility of the Air Force;

j. Keeping Members and Committees of Congress advised of Air Force activities within their area of interest; and

k. Maintaining direct liaison with the Congress, the Executive Office of the President, and the Office of the Secretary of Defense and other governmental agencies in connection with the aforementioned matters.

NO: 112.1
DATE: MAY 5 1980

4. Secretary of the Air Force Order No. 112.1, dated September 1, 1962 is hereby superseded.

Hans Mark

HANS MARK
Secretary of the Air Force



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

JEROME H. STOLAROW

Mr. Jerome H. Stolarow became Auditor General of the Air Force on July 1, 1980.

Mr. Stolarow was born in Brooklyn, New York on July 13, 1929. He earned a Bachelor of Business Administration degree from the University of Oklahoma in 1951 and a Juris Doctor degree from Georgetown University Law School in 1955. He served on active duty with the Army Counter Intelligence Corps from 1951 to 1953.

Mr. Stolarow was employed by a public accounting firm before beginning his government career with the General Accounting Office (GAO) in 1958. Mr. Stolarow had positions of increasing responsibility in the GAO and was in charge of many of the study efforts of that Office in the areas of military manpower, logistics and procurement. In 1964 he attended the Program for Management Development, Graduate School of Business Administration, Harvard University. In 1969-1970 he attended the Industrial College of the Armed Forces.

In 1971 Mr. Stolarow was named Manager of the Los Angeles Regional Office of the General Accounting Office. In that position he was responsible for directing all of the work of GAO in Southern California, Arizona and Southern Nevada. In 1973 he was promoted to the position of Deputy Director of the Procurement and Systems Acquisition Division and served in that capacity until July 1, 1978, when he was named Director. In that position he was responsible for directing all of the work of GAO, government-wide, relating to major acquisitions, procurement and research and development.

He is a Certified Public Accountant in Oklahoma and the District of Columbia, and a member of the Bar in the District of Columbia. He is a member of the American Institute of Certified Public Accountants and is also a member of the National Board of Advisors of the National Contract Management Association.

Mr. Stolarow is married to the former Rhoda Luddeke of Altoona, Pennsylvania and they are the parents of two daughters.

Insignia of the United States Armed Forces

OFFICERS

O-1 O-2 O-3 O-4 O-5 O-6 O-7 O-8 O-9 O-10 SPECIAL

NAVY

ENSIGN	LIEUTENANT JUNIOR GRADE	LIEUTENANT	LIEUTENANT COMMANDER	COMMANDER	CAPTAIN	COMMODORE*	REAR ADMIRAL* (O-7 & O-8)	VICE ADMIRAL	ADMIRAL	FLEET ADMIRAL

MARINES

SECOND LIEUTENANT	FIRST LIEUTENANT	CAPTAIN	MAJOR	LIEUTENANT COLONEL	COLONEL	BRIGADIER GENERAL	MAJOR GENERAL	LIEUTENANT GENERAL	GENERAL	

ARMY

SECOND LIEUTENANT	FIRST LIEUTENANT	CAPTAIN	MAJOR	LIEUTENANT COLONEL	COLONEL	BRIGADIER GENERAL	MAJOR GENERAL	LIEUTENANT GENERAL	GENERAL	GENERAL OF THE ARMY

AIR FORCE

SECOND LIEUTENANT	FIRST LIEUTENANT	CAPTAIN	MAJOR	LIEUTENANT COLONEL	COLONEL	BRIGADIER GENERAL	MAJOR GENERAL	LIEUTENANT GENERAL	GENERAL	GENERAL OF THE AIR FORCE

WARRANT

	NAVY	MARINES	ARMY	AIR FORCE	COAST GUARD
W-1					 Coast Guard enlisted rating badges are the same as the Navy's for grades E-1 through E-6. E-7s through E-9s have silver specialty marks, angles and stars, and gold chevrons. The badge of the Master Chief Petty Officer of the Coast Guard has a gold chevron and specialty mark, a silver angle and gold stars. Coast Guard officers use the same rank insignia as Navy officers for all ranks, the gold Coast Guard shield on the uniform sleeve replaces the Navy star.
W-2					
W-3					
W-4					

* The Navy uses the rank of commodore only in wartime. Currently, Navy officers promoted to pay grade O-7 are given the rank of rear admiral (lower half), which is comparable to that of brigadier general in the other services. Those in pay grade O-8 are designated rear admiral (upper half). The Coast Guard has the same policy.

Insignia of the United States Armed Forces

ENLISTED

E-1

E-2

E-3

E-4

E-5

E-6

E-7

E-8

E-9

NAVY

 SEAMAN RECRUIT	 SEAMAN APPRENTICE	 SEAMAN	 PETTY OFFICER THIRD CLASS	 PETTY OFFICER SECOND CLASS	 PETTY OFFICER FIRST CLASS	 CHIEF PETTY OFFICER	 SENIOR PETTY OFFICER	 MASTER CHIEF PETTY OFFICER	 MASTER CHIEF PETTY OFFICER OF THE NAVY
--	---	---	--	---	--	--	---	---	---

MARINES

(no insignia) PRIVATE	 PRIVATE FIRST CLASS	 LANCE CORPORAL	 CORPORAL	 SERGEANT	 STAFF SERGEANT	 GUNNERY SERGEANT	 FIRST SERGEANT	 SERGEANT MAJOR	 SERGEANT MAJOR OF THE MARINE CORPS
							 MASTER SERGEANT	 MASTER GUNNERY SERGEANT	

ARMY

(no insignia) PRIVATE	 PRIVATE	 PRIVATE FIRST CLASS	 CORPORAL	 SERGEANT	 STAFF SERGEANT	 SERGEANT FIRST CLASS	 FIRST SERGEANT	 COMMAND SERGEANT MAJOR	 SERGEANT MAJOR OF THE ARMY
			 SPECIALIST 4	 SPECIALIST 5	 SPECIALIST 6	 SPECIALIST 7	 MASTER SERGEANT	 SERGEANT MAJOR	

AIR FORCE

(no insignia) AIRMAN BASIC	 AIRMAN	 AIRMAN FIRST CLASS	 SENIOR AIRMAN	 STAFF SERGEANT	 TECHNICAL SERGEANT	 MASTER SERGEANT	 SENIOR MASTER SERGEANT	 CHIEF MASTER SERGEANT	 CHIEF MASTER SERGEANT OF THE AIR FORCE
----------------------------------	---	--	---	--	--	---	---	--	---

SECURITY

Security Clearances
Protection of Classified Material

CLEARANCES

SECURITY CLEARANCES

Statutory officials are subject to a full field background investigation by the Federal Bureau of Investigation. The investigative results are provided to the White House. Security clearances for statutory officials are granted by the Department of Defense, DOD Security Division, Washington Headquarters Service.

Personnel security investigations for all other Air Force military and civilian personnel are conducted by either the Defense Investigative Service or the Office of Personnel Management. Executive Order 10450 specifies that all employees of the Executive Branch must be investigated to the level necessary for the sensitivity of the position they occupy. Security clearances for these personnel are issued by the centralized Air Force Security Clearance Office (AFSCO) in the Pentagon.

Clearances for contractor personnel who visit OSAF officials are verified by AFSCO by checking records of the Defense Industrial Security Clearance Office (DISCO) at Columbus, Ohio.

Clearances for OSAF officials who visit private industry facilities are sent by AFSCO in advance of the visit.

Officials who require special access to Sensitive Compartmented Information (SCI) will be indoctrinated by Air Force Intelligence Service.

PROTECTION OF CLASSIFIED INFORMATION

As a statutory official you have access to the highest levels of classified defense information. In addition to collateral (TOP SECRET, SECRET, and CONFIDENTIAL) material, you may also have access to Sensitive Compartmented Information (SCI) which is especially vital to our national security.

With your access to classified information, you incur a special responsibility to become familiar with the rules established for its protection and to safeguard it at all times. Department of Defense Directive 5200.1-R and the Air Force 205-series of regulations govern the protection of collateral classified information (creation, marking, use, discussion, storage, transmission, handling, etc.). The USAF Intelligence 201-series publications prescribe the rules for protecting SCI. In general, classified documents, letters, messages, and other forms of classified material are clearly identified as such, stamped with distinctive security markings and restrictive handling instructions, and distributed with protective cover sheets attached.

Operations Security (OPSEC) requires that you and those working for you exercise extreme caution when working with classified material. Communications Security (COMSEC) requires that you carefully avoid discussing classified information on insecure telephones. The secure "gray" phone system and the Automatic Secure Voice Communications (AUTOSEVOCOM) system (KY-3 system) are available for classified telephone conversations. You may have a telephone to the Washington Tactical Switchboard, linking Pentagon senior officials and the Air Force Operations Center. This telephone is for official business of a non classified nature.

At social functions and other occasions, where you may frequently come in contact with officials of foreign governments and dignitaries representing national and international agencies, you must be particularly careful not to engage in conversations which might lead to any inadvertent discussion of classified or politically sensitive information. Some foreign officials are espionage agents and are particularly adept at gathering important information from seemingly innocuous conversations. If you ever perceive an effort by any unauthorized individual, foreign or domestic, to obtain classified information from you, such an incident must be reported to the Air Force Office of Special Investigations (OSI).

Inherent in most statutory positions is Original Classification Authority (OCA). The exercise of this authority will require you to balance the need to protect specific defense information against the right of U.S. citizens to know what their government is doing. It is essential to classify information where necessary but only for the length of time required.

Some restrictions are placed on your couriersing classified information. To hand-carry classified material overseas on commercial aircraft and to take classified material home, requires specific permission before proceeding. Contact SAF/AA to coordinate these actions.

The AF information security program is subject to periodic inspections by the General Services Administration and Office of the Secretary of Defense. SAF offices are not exempt from these inspections. Semi annual self-inspections, and

annual staff assistance visits by the Hq USAF Security Force, offer the best preparation for these inspections.

A security manager has been appointed in each major SAF office to act as the focal point of the information security program. This officer can define your OCA responsibilities and provide guidance on marking, handling, and storage requirements. Your Security Manager also supervises the program throughout subordinate offices, including security education, self-inspections, physical security measures, and corrective action taken as a result of security infractions. SAF/AA monitors the security programs in all SAF offices.

The AF information security program in the Pentagon is managed by the Security Division, 1947 Administrative Support Group (Hq USAF Security Force). A personal briefing on the services provided is available at your convenience. Security police assistance is also available on a 24-hour basis at extension 78291, room 4D882. Questions regarding Sensitive Compartmented Information should be directed to the Chief, Air Force Special Security Office (AFSSO USAF), at 70671.



August 20, 1979
NUMBER 1005.3

ASD(C)

Department of Defense Directive

SUBJECT: Decorations and Gifts from Foreign Governments

- References:**
- (a) DoD Directive 1005.3, "Decorations and Gifts from Foreign Governments," September 16, 1967 (hereby canceled)
 - (b) Title 5, United States Code, Section 7342
 - (c) Department of State Regulation, "Acceptance of Gifts and Decorations from Foreign Governments" (22 CFR 3.1-3.7)
 - (d) through (h), see enclosure 1

A. REISSUANCE AND PURPOSE

This Directive (1) reissues reference (a) to update policy governing the acceptance and retention of decorations and gifts from foreign governments; (2) implements references (b) and (h) which grants the consent of the Congress to the acceptance of certain gifts and decorations from foreign governments, consistent with the rules and regulations published by the Department of State (reference (c)); and (3) furnishes policy guidance and establishes procedures regarding the receipt and disposition of such decorations and gifts.

B. APPLICABILITY AND SCOPE

1. The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Defense Agencies, and the Unified and Specified Commands (hereafter referred to as "DoD Components"). The term "Military Services," as used herein, refers to the Army, the Navy, the Air Force, and Marine Corps.

2. Its provisions govern all military and civilian personnel of DoD Components and all spouses (unless legally separated) and dependents as defined in 26 U.S.C. 152 (reference (e)) of the foregoing persons (hereafter called "employees").

3. The provisions of this Directive shall not apply:

a. Where a foreign decoration is presented or awarded posthumously to a former member of the Armed Forces.

b. Where a foreign decoration was awarded for services while the recipient was a bona fide member of the Armed Forces of a friendly foreign nation, provided the award was made prior to employment of the recipient by the U.S. Government.

c. Where a decoration for service in the Republic of Vietnam was accepted on or after March 1, 1961, but no later than March 28, 1974 (DoD Directive 1348.16, reference (d)).

C. POLICY

No employee shall request or otherwise encourage the offer of a gift or decoration. Whenever possible employees are obligated to initially refuse acceptance of gifts or decorations.

1. Gifts of Minimal Value. Table favors, mementos, remembrances, or other tokens bestowed at official functions, and other gifts of minimal value received as souvenirs or marks of courtesy from a foreign government may be accepted and retained by the donee. The burden of proof is upon the donee to establish that the gift is of minimal value as defined in enclosure 3.

2. Gifts of More than Minimal Value. Where a gift of more than minimal value is tendered, the donor should be advised that statutory provisions and DoD policy prohibit employees accepting such gifts, unless the gift is in the nature of an educational scholarship or medical treatment. If it appears that refusal of a gift, other than medical or educational, would be likely to cause offense or embarrassment to the offerer, or could adversely affect the foreign relations of the United States, it may be accepted. The gift then becomes the property of the United States.

a. The gift must be deposited with the employing agency (see enclosure 2) within 60 days for return to the donor, for use within the agency, or for disposal by General Services Administration in accordance with the provisions of enclosure 2.

b. An employing agency may provide, in its implementing regulations, that all gifts must be appraised, and that appraisal shall be conclusive as to the value of the gift. An employing agency may also, by regulation, define minimal value to be less than the figure set in enclosure 3.

Aug 20, 79
1005.3

c. An employing agency may require that acceptance and retention of any gift, regardless of value, shall be subject to approval of the agency.

d. An employing agency is not required to report travel or travel expenses, of more than minimal value, which were authorized by that agency under conditions stipulated in paragraph 5., enclosure 2, of this Directive.

3. Decorations

a. Decorations which have been tendered in recognition of active field service in connection with combat operations or which have been awarded for outstanding or unusually meritorious performance may be accepted and worn upon receiving the approval of the employing agency. In the absence of such approval the decoration becomes the property of the United States, and shall be deposited with the employing agency for use or disposal in accordance with the provisions of enclosure 2.

b. Approval by the employing agency will be contingent upon a determination that the decoration has been tendered in recognition of active field service in connection with combat operations or for outstanding or unusually meritorious performance (see enclosure 3).

c. Within the Military Services, this authority may be delegated to commanders of major overseas commands who report directly to the headquarters of the Military Service concerned, and to the senior commander of the Military Service concerned in a military operation designated by the Joint Chiefs of Staff and approved by the Secretary of Defense. This authority may not be further delegated.

D. RESPONSIBILITIES

1. Each employing agency shall establish or assign responsibility to an office for monitoring compliance with this Directive. Such office shall:

a. Establish procedures to ensure employee compliance.

b. Establish procedures for reviewing cases in which there exists evidence of failure of any employee to comply with requirements.

c. Establish disciplinary procedures to ensure compliance with this Directive.

d. Report to the Attorney General, through the General Counsel, DoD, when it is administratively determined that an employee who is the donee of a gift, or is the approved recipient of travel expenses, has failed to comply with the procedures established by 5 U.S.C. 7342 (reference (b)) through actions or circumstances within the donee's control.

2. Each employing agency shall establish a procedure for obtaining an appraisal, when necessary, of the value of gifts and shall designate an official to be responsible for this appraisal as required by 5 U.S.C. 7342 (reference (b)).

3. The Deputy Assistant Secretary of Defense (Administration) shall implement the provisions of this Directive for all personnel for whom the Office of the Secretary of Defense is the employing agency.

4. Each employing agency shall periodically remind employees, as necessary, of the requirements of this Directive. In this connection, each agency shall establish a procedure by which employees may acquire advice and assistance on any question relating to the application or implementation of 5 U.S.C. 7342 (reference (b)).

E. ENFORCEMENT

The Attorney General may bring a civil action in any district court of the United States against any employee who knowingly violates title 5 U.S.C. 7342 (reference (b)). The court in which such action is brought may assess a penalty against such employee in an amount not to exceed the retail value of the gift improperly solicited or received, plus \$5,000, in accordance with 5 U.S.C. 7342 (reference (b)).

F. PROCEDURES

Procedures for the receipt and disposition of decorations and gifts from foreign governments are provided in enclosure 2.

G. INFORMATION REQUIREMENTS

Interagency reporting requirements on decorations and gifts from foreign governments are licensed under IRCN 0216-DOS-AN.

Aug 20, 79
1005.3

H. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward one copy of implementing instructions to the Assistant Secretary of Defense (Comptroller) within 90 days.



C. W. Duncan, Jr.
Deputy Secretary of Defense

Enclosures - 3

1. References
2. Procedures
3. Definitions

Aug 20, 79
1005.3 (Encl 1)

REFERENCES (continued)

- (d) DoD Directive 1348.16, "Foreign Awards to U.S. Military Personnel for Service in Vietnam," March 26, 1974
- (e) Title 26, United States Code, Section 152
- (f) Executive Order 11446, "Authorizing the Acceptance of Service Medals and Ribbons from Multilateral Organizations other than the United Nations," January 16, 1969
- (g) 42 Federal Register 65171 (1977) (to be codified in 41 CFR Part 101-49)
- (h) Title 22, United States Code, Section 2385(H)

PROCEDURES

1. Processing of Foreign Decorations. When an employee is tendered a foreign decoration, approval of the employing agency will be requested immediately. The request shall contain the title of the decoration; when, where, and by whom it was presented, a statement of the service for which the decoration was awarded, and a copy of the citation. This would include all offers of medals or ribbons by multilateral organizations, other than the United Nations, to members of the Armed Forces pursuant to Executive Order 11446 (reference (f)).

2. Use of Disposal of Gifts and Decorations Which Become the Property of the United States

a. Any gift or decoration which becomes the property of the United States under 5 U.S.C. 7432 (reference (b)) may be retained for official use by the employing agency. Agency regulations shall be geared toward (1) avoiding to the maximum extent possible arbitrary action in the approval or retention of gifts for official use, and (2) ensuring that all employees are provided the opportunity for receiving the indirect benefit of gifts retained for official use. Gifts and decorations which have been retained for official use shall be reported to the General Services Administration (GSA) (41 CFR 10149, Subchapter 4 (reference (g))) within 30 calendar days after termination of the official use.

b. Gifts and decorations which have become the property of the United States and which are not desired by the employing agency for retention, or which are not approved for retention in the appropriate agency, should be reported to the GSA within 30 calendar days after deposit of the gift or decoration with the employing agency.

(1) Standard Form 120, "Report of Excess Personal Property," should be completed and forwarded to: General Services Administration (3DP), Washington, D.C. 20407. A sample form and instructions are attached to this enclosure.

(2) The gift or decoration shall be held by the agency until instructions are received from GSA regarding disposition thereof.

c. Whenever the possibility exists that disposal through return to the original donor will adversely affect U.S. foreign relations, the disposing agency shall consult with appropriate officials in the Department of State prior to taking any action.

d. When depositing gifts or decorations, employees may indicate their interest in participating in any subsequent sales of the items by the Government. Before gifts and decorations are sold by the GSA, however, they must be offered for transfer to Federal agencies and for donation to the States. Consequently, each employee should be advised that there is no assurance that an item will be sold or if it is sold, that it will be feasible for the employee to participate in the sale.

3. Recording of Gifts of More Than Minimal Value. Each employing agency shall maintain records of gifts of more than minimal value received by their members from foreign governments. A compilation shall be made each year and transmitted to the Secretary of State no later than January 31. Such listing shall include for each gift of more than minimal value the following information:

- a. The name and position of the employee,
- b. A brief description of the gift and the circumstances justifying acceptance,
- c. The identity of the foreign government and the name and position of the individual who presented the gift,
- d. The date of acceptance of the gift,
- e. The estimated value in the United States of the gift at the time of acceptance, and
- f. Disposition and current location of the gift.

4. Sale or Destruction of Tangible Gifts Valued at \$100 or Less. Employing agencies are authorized to sell or destroy tangible gifts valued at \$100 or less.

5. Travel Expenses. Each employing agency shall promulgate regulations setting forth the criteria which will be applied in determining the propriety of accepting travel expenses of more than minimal value. Such criteria shall include:

- a. The travel must begin and end outside the United States, except where travel across the continental United States is necessarily the shortest, least costly, or only available route to destination.
- b. The travel must be in the best interests of the agency and the U.S. Government considering all the circumstances.
- c. The travel does not contravene any other agency regulation.

Attachments - 2

1. Standard Form 120, "Report of Excess Personal Property"
2. Instructions for Completion of Standard Form 120

S A M P L E

1005.3 Aug 20, 79
(Att 1 to Encl 2)

PAGE 1 OF _____

STANDARD FORM 120 REV APRIL 1957 GEN. SERV. ADMIN. FPMR (41 CFR) 101-43.311		REPORT OF EXCESS PERSONAL PROPERTY		1 REPORT NO (to be furnished)	2 DATE MAILED 1 Sept 1979	3 TOTAL COST \$
4 TYPE OF REPORT	(Check one only of "a" "b" "c" or "d")	<input checked="" type="checkbox"/> a ORIGINAL <input type="checkbox"/> b CORRECTED	<input type="checkbox"/> c PARTIAL W/D <input type="checkbox"/> d TOTAL W/D	(Also check "e" and/or "f" if appropriate)		<input type="checkbox"/> e OVERSEAS <input type="checkbox"/> f CONTRACTORS INV
5 TO (Name and Address of Agency to which report is made) THRU General Services Administration Personal Property Division, National Capital Region Washington, D.C. 20407					6 APPROP OR FUND TO BE REIMBURSED (if any)	
7 FROM (Name and Address of Reporting Agency) Office, Deputy Assistant Secretary of Defense (Admin.) Rm. 3E843, Pentagon, Washington, D.C. 20301					8 REPORT APPROVED BY (Name and Title) John Jones (have signed) DASD (Admin)	
9 FOR FURTHER INFORMATION CONTACT (Title, Address and Telephone No) Mrs. Jane Doe - ODASD (Admin) Department of Defense Tel: 695-4506					10 AGENCY APPROVAL (if applicable)	
11 SEND PURCHASE ORDERS OR DISPOSAL INSTRUCTIONS TO (Title, Address and Telephone No) See 9. above					12 GSA CONTROL NO Same as 1. above	
13 FSC GROUP NO	14 LOCATION OF PROPERTY (if location is to be abandoned give date) Room 3E843 - Department of Defense The Pentagon			15 REIM/REOD YES NO		16 AGENCY CONTROL NO
17 SURPLUS RELEASE DATE						

18 EXCESS PROPERTY LIST				ACQUISITION COST		FAIR VALUE %
ITEM NO (a)	DESCRIPTION (b)	COND (c)	UNIT (d)	NUMBER OF UNITS (e)	PER UNIT (f)	
<u>FOREIGN GIFTS AND/OR DECORATIONS</u>						
1.	<u>Gift to Secretary of Defense John Doe:</u> Floral embroidered wall hanging, approx. 40" x 13-1/2", brocade trimming. Presented by Ambassador of Mouse. 15 August 1979 (est. value \$120)					
2.	<u>Gift to Tom Brown, Director, Defense Agency</u> Oval silver dish with floral design on rim, from Minister of Defense, Lion. Presented 15 August 1979. (est. value \$150) <u>DONEE REQUESTS OPTION TO BID IF SOLD.</u>					

1005.3 Aug 20, 79
(Att 2 to Encl 2)

INSTRUCTIONS FOR COMPLETION OF STANDARD FORM 120
"REPORT OF EXCESS PERSONAL PROPERTY"

1. Name, address, and telephone number of the responsible accountable official (see paragraph 9, enclosure 3) in the employing agency (Item 10).
2. Current location of the gift or decoration (Item 14).
3. Name and position of the employee recipient (Item 18).
4. Full description of the gift or decoration (Item 18).
5. Identity of the foreign government and the name and position of the individual who presented the gift or decoration (include date) (Item 18).
6. Estimated value in the United States of the gift or decoration at the time of acceptance, or the appraised value, if known (Item 18).
7. Indication whether the employee recipient is interested in participating in the sale of the gift or decoration if it is sold by GSA (Item 18).

NOTE: The Central Intelligence Agency may delete the information required in 3. and 5. above, if the Director of Central Intelligence certifies in writing to the Secretary of State (through DoD point of contact) that the publication of such information could adversely affect U.S. intelligence sources.

DEFINITIONS

1. Employee. An employee, as defined in title 5, U.S.C. 2105, of a DoD Component, and expert or consultant under contract with a DoD Component, including any individual performing services for an organization utilized according to title 5, U.S.C. 3109 and members of the Military Services (including retired members and reservists) regardless of duty status; the spouses of all such individuals (unless legally separated) and their dependents as defined in title 26, U.S.C. 152.
2. Foreign Government. Includes any unit of a foreign governmental authority (including any foreign national, state, local and municipal government), any international or multinational organization whose membership is composed of any unit of foreign government described above, and any agent or representative of any such unit or organization while acting as such.
3. Gift. Any tangible or intangible present, other than a decoration, tendered by or received from a foreign government.
4. Minimal Value. A retail value in the United States at the time of acceptance, not in excess of \$100 or such amount specified by the Administrator of General Services pursuant to 5 U.S.C. 7342 (reference (b)).
5. Decoration. Any order, device, medal, badge, insignia, emblem or award, tendered by or received from a foreign government.
6. Outstanding or Unusually Meritorious Performance. Performance of duty by an employee determined by the employing agency to have contributed in an unusually significant degree to the furtherance of good relations between the United States and the foreign government tendering the decoration.
7. Employing Agency. The DoD Component in which the recipient is appointed, employed, or enlisted. If a recipient is not so serving, but is a spouse or dependent of a serving individual, then the employing agency is that in which the serving individual is employed.
 - a. Except as provided in b. and c. below, the Military Departments shall be considered the employing agencies for the civilian and military employees of such departments.
 - b. The Office of the Secretary of Defense shall be considered the employing agency for civilian employees and for members of the Armed Forces assigned to duty with the Office of the Secretary of Defense, Organization of the Joint Chiefs of Staff, Defense Advanced Research Projects Agency, Defense Security Assistance Agency, and, as required, other activities not having a specifically designated employing agency.

c. The Defense Agencies shall be considered the employing agencies for their civilian employees and for members of the Armed Forces assigned to duty with such agencies (except DARPA and DSAA, which are covered in subparagraph 7.b., above).

8. Travel Expenses. Costs of transportation, food, and lodging incurred during the travel period.

9. Responsible Accountable Official. The person designated by the employing agency to approve the annual Report of Excess Personal Property.

ADMINISTRATIVE AND MANAGERIAL SUPPORT

Organization of the Office of the Administrative Assistant
Services of the Office of the Administrative Assistant
Functions of the Office of the Administrative Assistant
 Civilian Personnel and Personnel Services
 Military Personnel Services
 Travel Services
 Office and Supply Services
 Administrative Management
 Word Processing Center
 DOD News Clipping and Analysis Service
Odds and Ends

ADMINISTRATIVE ASSISTANT

Word-Wide Administrative Oversight
Contingency Funds
Personnel Security Policy
Information Security Policy
FOI-Privacy Acts
Awards
Medical Designee
Approved of Certain Claims
Transition Briefings
Boards & Committees
Secretariat Budget

CIVILIAN PERSONNEL

Time & Attendance
Parking Control
Personnel Actions
Personnel Records
Manpower Actions
On-Duty Reports
Clearances
Building Passes
Fund Drives
Consultants & Experts
Summer Hires
Notary Service
Performance Ratings
White House & Other
Agency Actions
Employee Counselling
Overtime Funds
Details

MILITARY PERSONNEL

Personnel Actions
OERS
Personnel Records
On-Duty Reports
Clearances
White House & Other
Agency Actions
Employee Counselling
Mobilization
Assignees
Details

TRAVEL

Orders
Passports
Theater
Clearances
Travel Funds
Key Personnel
Travel Sch
Trip Planning

SUPPLY

Supplies
Office Space
Construction
Services

ADMIN SYSTEMS

Word Processing
Telephone
Directory
Org Charts
Biographies
OSAF Order
System

**DOD NEWS
CLIPPING &
ANALYSES SVC**

**AF EXEC
DINING
ROOM**

SERVICES OF THE OFFICE OF THE
ADMINISTRATIVE ASSISTANT

The Administrative Assistant and his staff provide a focal point for a variety of administrative and managerial support activities. Some of the more frequent services requested are listed below, but any other questions or concern not shown may be addressed and every effort will be made to respond to the issue:

Civilian Personnel Advice
Military Personnel Advice
Notary Public Service
Temporary Assignment of Personnel (Details)
Manpower Authorizations
Temporary or Visitor Parking
Building Passes
Time and Attendance
Office Furniture Needs
Office Supply Requirements
Office Space Needs
Office Space Construction or Repair
Official Representation Fund Requirements
Rug Cleaning
Pest Control
Picture Framing
Passports
Telephone Requirements
Summer Hire Program
Travel and Overtime Funds
Biographies
Telephone Directories
Official Portraits
Official entertainment
Transportation
Travel Orders
Travel Planning and Tickets
Administrative Management Advice
Word Processing Center Services
Training and Career Development Advice
Copier Requirements
Typewriter Requirements

THE ADMINISTRATIVE ASSISTANT

The Administrative Assistant is responsible for the management and administration of the Office of the Secretary of the Air Force. His office assures administrative continuity in the Office of the Secretary during changes of administration or top officials.

The office is designed to provide central support in a variety of functions. It provides worldwide administrative oversight for the Air Force, and the Administrative Assistant and his Deputy serve as senior Air Force officials for the personnel security and information security programs. Contingency funds including official representation funds are managed by this office. In addition, the Administrative Assistant and his Deputy make final determinations on certain claims against the Air Force, make medical designee determinations, and are the appellate authority for appeals under the Freedom of Information Act and the Privacy Act.

Examples of the wide variety of services provided by the staff of the Administrative Assistant are provided in a separate section of this volume. If there is a need for information or assistance, the office of the Administrative Assistant is often the place to start in getting the answer you need. If the question concerns an Air Force wide policy matter, you may wish to go directly to the subject matter expert within the Secretariat or the Air Staff.

Several specialized functions are established to provide you with management assistance according to your need. These are:

Civilian Personnel and Personnel Services

The civilian personnel and personnel services branch is responsible for the implementation of all policies and administrative actions relative to the assignment and utilization of civilian personnel assigned to OSAF, including Field Activities, the White House and various committees.

Specific responsibilities include: all phases of administration, including maintenance of records relative to employment and utilization of civilian personnel.

Duties performed and records maintained in accomplishing this responsibility include:

- a. personnel placement, employee relations, classification, time and attendance, and training of personnel
- b. federal summer intern and other summer-hire programs
- c. performance ratings, leave, payment and promotion of employees, personnel statistical reports
- d. monitor charity drives and blood program

e. building and parking passes

f. control and supervise the appointment of transportation officers for official automobiles and arrange for visitors' parking and the acquisition of official vehicles.

Administer the program relative to employment of consultants and experts and maintain records on the utilization of such personnel. Provide for secretarial and typist details to OSAF. Maintain personnel authorization vouchers and furnish Notary Public service.

Military Personnel Services

The military personnel branch is responsible for the implementation of all policies and administrative actions relative to the assignment and utilization of military personnel assigned to OSAF including Field Activities, the White House and various committees.

Specific responsibilities include: all phases of administration including maintenance of records relative to employment and utilization of military personnel.

Duties performed and records maintained in accomplishing this responsibility include:

- A. personnel placement
- B. performance ratings; leave and military personnel statistical reports
- C. personnel departures (PCS moves)

Monitor OSAF mobilization program. Monitor and control mobilization assignments. Maintain personnel authorization vouchers. Monitor, control and request master personnel records.

Travel Services

The Travel Branch is responsible for all matters relating to the temporary duty travel of military and civilian personnel assigned to OSAF, its support and field offices, and personnel assigned to the White House, the Vice President's Office and various councils and committees. These include the following:

1. Requesting travel orders, transportation requests, passports and visas, overseas clearances, etc.

2. Determining when prior approval of proposed travel must be obtained from the State Department, Office of the Secretary of Defense, or other organizations, and obtaining such approval.

3. Reviewing and approving travel vouchers to the Finance Office for payment. Recording estimated and actual costs of travel, transportation and per diem as a basis for reports on the travel costs of each office.

4. Preparing and distributing a daily Locator Roster to show which key officials of the Office of the Secretary are on duty and the names of the individuals acting in the absence of those who are on temporary duty or leave.

The Travel Branch is also responsible for all Invitational Travel orders and transportation authorizations for travel requested or sponsored by OSAF.

All travel of dependents must have the prior approval of the Secretary of the Air Force.

All travel of dependents of the Secretary of the Air Force must have prior approval of the Secretary or Deputy Secretary of Defense.

Office and Supply Services

The office services and supply branch is responsible for all policies and for providing required items of equipment and supplies, and furnishing office services to all activities within OSAF. Specific responsibilities include:

a. Coordinate, procure and supervise all office alterations and/or construction within assigned space areas. Receive and process actions necessary to accomplish building maintenance and repair within assigned areas.

b. Coordinate and supervise the installation of communication services. Prepare various cost studies as required.

c. Acquisition, control, issue and storage of all items of non-expendable equipment and supplies.

d. Act as accountable officer for non-expendable items of equipment and maintain appropriate records as to the assignment of such equipment and supplies.

e. Acquisition, control and issue all items of expendable equipment and maintain records as to utilization and stock levels.

Establish schedules for the maintenance, repair and/or replacement of unserviceable items of office furniture and equipment.

f. Plan, develop and coordinate office space requirements for OSAF.

Administrative Management

The administrative management division is responsible for providing administrative planning, systems advice, and support to OSAF functional managers.

Specific responsibilities include administering the Secretary of the Air Force order system, performing organizational administration functions, and analyzing office equipment requirements for OSAF.

Duties performed in accomplishing these responsibilities include:

- A) Administering and keeping record copies of Secretarial Orders for delegation of authority
- B) Developing and coordinating the OSAF organizational chart and revisions to the Air Force functions and chart book
- C) Developing and maintaining biographical information for key officials in the Secretariat
- D) Providing technical advice and assistance to OSAF personnel who are upgrading their administrative support systems
- E) Dealing with the Data Services Center in developing data automation requests for administrative record systems.

Word Processing Center

The Word Processing Center is responsible for correspondence preparation for all OSAF personnel assigned in the Pentagon.

Specific responsibilities include: typing correspondence from handwritten, typed, or machine-dictated input.

Duties performed in accomplishing this responsibility include:

- A) Orientation for new personnel on services provided by the center.
- B) Dictation training.
- C) Recommending information which should be permanently retained on magnetic media.
- D) Advising OSAF personnel how to prepare documents for optical character recognition.
- E) Communicating with other magnetic media keyboards and computers to transfer information.

DOD News Clipping and Analysis Service

Serves the Secretary of the Air Force, the Secretary of Defense, and all elements of DoD as a source of factual and historical information related to their official responsibilities. Conducts special studies and analyses on a wide range of national

security issues for all DoD Agencies as Executive Agent under DoD Directive 5160.52.

Provides research and analyses on media reports and published commentary relating to defense programs, policies and strategies, with emphasis on the roles and missions of the military forces as instruments of national policy. Monitors and supervises the preparation of a number of publications for distribution to key officials.

Research Branch

Provides research and reference services as required to all elements of DoD on a wide range of defense and related matters. Maintains extensive archives of published material on all pertinent subjects. Prepares and publishes Friday Review of News (biweekly); and Selected Statements (monthly).

Current News Branch

Screens, clips and evaluates published material on defense issues appearing in newspapers and magazines; prepares and publishes the following publications: Current News (Early Bird Edition daily; Main Edition daily; Special Editions Tuesdays and Thursdays; Weekend Edition each Monday); Supplemental Clips (7 editions a week); Equal Opportunity Current News (monthly); Radio-TV Defense Dialog (daily). Work starts at 3:00 a.m.



NO: 110.1

DATE: JUL 17 1980

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Authorities and Duties of the Administrative Assistant to the Secretary of the Air Force

1. The Administrative Assistant is responsible for:

a. Management and administration of the Office of the Secretary of the Air Force including advisory services on Departmental management and administrative matters; assures administrative continuity in the Office of the Secretary during changes of top officials; performs various functions and special projects involving matters in the Department as directed by the Secretary; and, conducts studies, inquiries and surveys in response to the needs of the Secretary and his principal assistants.

b. Direction, guidance, and supervision over all matters pertaining to the formulation, review, and execution of plans, policies and programs relative to the Air Force information security program and to the military, civilian, and industrial personnel security and investigative programs.

2. Specific duties of the Administrative Assistant include:

a. administering the contingency funds of the Secretary;

b. developing and maintaining the continuity of operations plan for the Office of the Secretary;

c. under policy guidance of the Office of the Assistant Secretary of Defense (Public Affairs), administering the Department of Defense news clipping service, maintaining research files and providing informational and historical research and news analysis for all elements of the Department of Defense;

d. conducting special projects for the Secretary of the Air Force;

e. controlling the Secretary of the Air Force Order system;

f. providing a focal point for monitoring, coordinating or consolidating Air Force responses or inputs on certain reports for the White House, Secretary of Defense, and other Federal agencies;

g. providing custody and control over use of the Air Force Seal and other authentication devices;

h. reviewing miscellaneous claims against the Air Force including those under the Military Claims Act, and announcing the decision for the Secretary of the Air Force;

i. providing security services for the Office of the Secretary including advisory services on Departmental security matters;

j. as the representative of the Secretary, serving various boards and committees, such as the Federal Executive Officers Group, the continuity Planning Committee, and the OSD Space Committee for the area encompassing the Seat of Government;

k. announcing medical designations for the Secretary in accordance with AFR 168-6;

l. determining the disposition of appeals to the Secretary under the provisions of the Freedom of Information Act;

m. serving as the final decisional authority on appeals under the Privacy Act;

n. providing administrative and management services for the Office of the Secretary of the Air Force involving:

NO: 110.1
DATE: JUL 17 1980

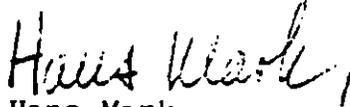
organization, manpower, financial management, military and civilian personnel administration, travel and local transportation services and office space allocation and utilization;

o. reviewing and coordinating for the Office of the Secretary significant Air Staff Directorate of Administration proposals concerning Air Force-wide administrative matters.

Serves as a channel of communications and provides representation within the Secretariat, with OSD and other governmental agencies on administrative programs.

3. This Order is issued in accordance with Air Force Regulation 11-18, dated 18 July 1963, subject: "Delegating or Assigning Statutory Authority."

4. Secretary of the Air Force Order No. 110.1, dated April 20, 1976, is hereby superseded.



Hans Mark
Secretary of the Air Force

"ODDS and ENDS"

For your convenience, a number of items have been identified that need to be given attention early in your term. Your secretary can initiate all of these actions through the Administrative Assistant's office.

Executive Dining Room membership can be started pending confirmation. An account must be established.

Parking application must be completed before a pass can be issued. Your secretary can then obtain the paid parking sticker on the concourse.

Building Pass will be issued on appointment. Arrangements for a picture can be made at your earliest convenience.

Travel Orders will be issued when you are appointed.

Official Pictures need to be taken soon after your appointment. A passport picture and picture for your official biography will be taken at the same time.

Passports should be requested shortly after your appointment.

Biography. An official biography is needed. This will be used in connection with your visits to the field.

Official Vehicles may be arranged by your secretary. The office of the Administrative Assistant will provide procedures.

Immunization Card is needed in connection with overseas visits but shots should not be taken until a trip is approved/scheduled.

Door Name Plates with your name and title will be made for each appointee.

Business Cards can be ordered in several formats including the Air Force seal. The current price and delivery is \$6.50 for 500 cards made in approximately 3 to 4 weeks.

Officers Club membership application can be made at your convenience.

Pentagon Officers Athletic Center membership can be arranged immediately if you so desire.

Army Navy Country Club membership can be requested as you deem appropriate.

OFFICIAL REPRESENTATION FUNDS

Authority and Basic Policies

Each year the Congress makes funds available in the Department of Defense Appropriations Act for emergencies and extraordinary expenses (contingencies) which may be expanded on the approval or authority of the Secretary of the Air Force. A portion of the Contingency Fund is used for official representation purposes.

A separate briefing is provided to the Secretary on the overall fund. Other statutory officials, however, should be aware generally of policies now in effect.

1. Representation funds are used to maintain the standing and prestige of the United States by extending official courtesies to certain officials and dignitaries of the United States and foreign countries.

2. The Secretary of the Air Force may authorize the use of representation funds for any purpose he deems appropriate, which conforms to policy set by DOD.

3. All official entertainment must be in keeping with propriety as dictated by the occasion and, in all instances, must be conducted on a modest basis. Guest lists for such functions must be held to the minimum necessary to extend proper courtesy to the guest(s) of honor; however, when guests from outside the Department of Defense are being honored, specified ratios of DOD personnel (including spouses or escorts) to non-DOD guests must be observed.

The Administrative Assistant is responsible for the administration and the propriety of expenditure of contingency funds and for advance approval of such expenditure when required.

Hosting Authority

The authority to host official functions on behalf of the United States Government is delegated to the following officials upon advance approval of the Administrative Assistant on a case-by-case basis: all Air Force statutory officials, the Director of Legislative Liaison, and the Director of Public Affairs. This hosting authority will generally be limited to lunches in the Air Force Executive Dining Room for the following:

(1) individuals or small groups of government officials of foreign countries whose rank, position, function or stature justify official entertainment, (2) members and professional staff personnel of Congress, and (3) members of the news media on certain occasions. Hosting of other functions, including receptions, dinners, and luncheons involving larger groups of people, will be limited to the Secretary and the Under Secretary of the Air Force unless the Secretary specifically designates some other official to act as host.

DOD Members Who May Be Entertained

If a commander considers it appropriate, these members of the DOD may be entertained at an Air Force installation. However, the entertainment must be limited to that which is minimally required to extend official courtesy when the official is on an official visit to the field.

Office of the Secretary of Defense:

Secretary and Deputy Secretary of Defense
Under Secretaries of Defense
General Counsel, DOD
Assistant to the Secretary of Defense
(Atomic Energy)
Assistant to the Secretary of Defense
(Legislative Affairs)
Advisor to the Secretary and Deputy Secretary
on NATO Affairs
Organization of the Joint Chiefs of Staff:
Chairman, Joint Chiefs of Staff
Unified and Specified Commanders

Military Departments:

Secretaries, Under Secretaries, and Assistant
Secretaries of the Military Departments
Chiefs and Vice Chiefs of Staff of the Army and
Air Force
Chief and Vice Chief of Naval Operations
Commandant and Vice Commandant of the Marine
Corps

Defense Agencies:

Directors, Defense Agencies

Gifts and Momentos

An inventory of gifts and momentos is maintained by the Administrative Assistant for the use of the Secretary and Under Secretary. On occasion other statutory officials may also have a valid need to use the inventory to extend official courtesies in connection with overseas foreign visits. In such cases, the following requirements must be met:

1. The cost of any gift or momento is limited to \$100.00 or less except when specifically approved in advance by the Secretary of the Air Force.

2. The advance approval of the Administrative Assistant is required for:

a. The specific presentation of any gift or memento costing more than \$100.00 by anyone other than the Secretary or Under Secretary or Chief or Vice Chief of Staff:

b. The issuance from stock of the gift or memento costing less than \$100.00 to any person other than the Secretary or Under Secretary or Chief or Vice Chief of Staff.

Limitations

Official Representation funds will not be used for:

a. Expenses for retirement ceremonies for DOD civilian and military personnel, unless specifically approved in advance by the Secretary of the Air Force.

b. Expenses solely for entertainment of DOD, Air Force, Army, Navy, or Marine Corps personnel unless authorized. (See previous page)

c. Payment of membership fees or dues.

d. Expenses connected with conferences, conventions, seminars, or working groups, except when specifically approved in advance by the Secretary of the Air Force.

e. Expenses which normally are expected to be assumed as a personal obligation.

f. Purchase of gifts, mementos, tokens, and calling cards except for:

(1) Floral wreaths authorized in connection with awards or dedications as on occasions of national holidays in foreign countries.

(2) Mementos of a nominal cost used in connection with official ceremonies, dedications, or functions, but not more than \$100.00 in cost; unless specifically approved in advance by the Secretary of the Air Force.

g. Expenses for classified projects or intelligence purposes.

h. Expenses for any purpose for which an appropriation is otherwise available or to circumvent administrative or legal restrictions on the use of other appropriated funds.

KEY PERSONNEL MANAGEMENT SYSTEMS

OSAF Personnel Policy
The Senior Executive Service
Merit Pay
Transition Appointments
Labor Management Relations
Personal Secretaries and Assistants
The Military Promotion System

OSAF PERSONNEL POLICY

All phases of civilian personnel administration in the Federal Government are conducted within the framework of various laws, executive orders and Office of Personnel Management regulations.

The procedures governing such matters as employment, discipline and separation must be closely adhered to. Consequently, no commitment of employment should be made to an applicant and no adverse action should be initiated against an employee without prior coordination with SAFAA.

SENIOR EXECUTIVE SERVICE

Title IV of the Civil Service Reform Act of 1978 (PL 95-454) created the Senior Executive Service (SES), a new personnel system for administering executive level civilian employees throughout most of the federal government. The SES, which became operational July 13, 1979, is made up of most positions formerly comprising grades GS-16 to GS-18, most Scientific and Professional positions (STs), and some positions in Executive Levels IV and V. The information provided below summarizes several of the key features of the SES system.

All SES positions are designated either Career Reserved or General. A Career Reserved position can be filled only by a career appointee, and a General position can be filled by either a career or noncareer appointee.

Pay Schedule: There are six pay levels authorized within the SES.

ES-1 = \$52,247*

ES-2 = \$59,996*

ES-3 = \$55,804*

ES-4 = \$57,673*

ES-5 = \$59,604*

ES-6 = \$61,600*

*Payable rate is \$50,112.50 (\$52,750 is payable for individuals in offices or positions that were in level IV of the Executive Schedule before conversion to the SES)

Bonuses and Ranks: Career employees in the SES may be recommended for annual performance awards (bonuses) and the award of SES Meritorious and Distinguished Executive ranks. The number of senior executives who may receive bonuses is limited to 25% of the number of SES positions, and the bonus may be no more than 20% of basic pay. In addition, up to 5% of the members of the government-wide SES will be eligible for a Meritorious Executive rank with a stipend of \$10,000, and another 1% may receive Distinguished Executive rank with a stipend of \$20,000.

Performance Appraisal: The Civil Service Reform Act requires that each agency establish an SES performance appraisal system. Under this new system performance requirements will be established in consultation with each senior executive, written appraisals will be based on these performance requirements, and the senior executive will have the opportunity to respond in writing. The performance rating must take into account both individual performance and organizational accomplishment. This initial performance appraisal made by the immediate supervisor will be reviewed by a performance review board, which will also recommend action on the award of bonuses.

Leave: In recognition of the fact that many senior executives have frequently forfeited annual leave because of their heavy work schedules the Act authorizes members of SES to accumulate annual leave without limitation.

As of 15 November 1980

SENIOR EXECUTIVE SERVICE POSTIONS IN OSAF

ORGANIZATION & POSITION TITLE	INCUMBENT	L	O	POSITION			APPOINTMENT			STATUS	
		E	CC	RC	NON	CAR	SES	NON	CAR		LTD
		PV	CO	AO	SES	RES	GEN	CAR	CAR	LTD	
		AE	UD	ND	SES	RES	GEN	CAR	CAR	LTD	
		YL	FE	KE	SES	RES	GEN	CAR	CAR	LTD	
<u>SAF/AL</u>											
<u>Asst Secy of the AF</u>											
<u>Research, Development</u>											
<u>& Logistics</u>											
Principal Deputy Asst Secy (R, D&L)	Kopf, Eugene H. \$50,112.50	ES-5	1301	4				X	X		
Dep Asst Secy (Systems)	Vacant	ES-	0301	4				X			
Dep Asst Secy (Acquisition Management)	Williams, J. E. \$50,112.50	ES-4	0301	4				X	X		
Dep Asst Secy (Logistics)	Mosemann, L. K. \$50,112.50	ES-4	0301	4				X	X		
Dep Asst Sec (Space Plans & Policy)	Cook, Charles W. \$50,112.50	ES-4	1301	4				X	X		
Dep for Programs & Production	Jones, Carroll G. \$50,112.50	ES-3	0301	5				X			X
Dep for Procurement	Gordon, H. J. \$50,112.50	ES-4	0301	5				X			X
Dep for Transportation & Civil Aviation	Falatko, Thomas S. \$50,112.50	ES-4	2130	5				X			X
Dep for Supply & Maintenance	Goldfarb, O. A. \$50,112.50	ES-4	0301	5				X			X
Dep for Advanced Tech	Beam, W. R. \$50,112.50	ES-4	1301	4(5)				X			X

ORGANIZATION & POSITION TITLE	INCUMBENT	L	O	POSITION			APPOINTMENT			STATUS	
		E	C	R	C	NON	CAR	SES	NON		CAR
		PV	C	AO	SES	RES	GEN	CAR	CAR	LTD	
		AE	UD	ND	SES	RES	GEN	CAR	CAR	LTD	
		YL	PE	KE	SES	RES	GEN	CAR	CAR	LTD	
<u>SAF/AL</u>											
<u>Asst Secy of the AF</u>											
<u>Research, Development &</u>											
<u>Logistics, (Cont'd)</u>											
Dep for Systems Requirements	Vacant		ES-		5			X			
Dep for Tactical Warfare Systems	Cohen, Victor \$50,112.50		ES-2	1301	5				X	X	
Dep for Strategic & Space Systems	Cooper, Henry F. \$50,112.50		ES-4	1301	4(5)				X		X
Dep Dir, Supreme Headquarters Allied Powers Europe, (SHAPE)	Bergman, C. E. \$50,112.50		ES-4	1301	4				X	X	
Chief, Communications Division, SHAPE Technical Center, The Hague Netherlands	Lebo, J. A. \$50,112.50		ES-4	1301	6				X	X	
<u>SAF/FM</u>											
<u>Asst Secy of the AF</u>											
<u>Financial Management)</u>											
Prin Dep Asst Secy (Financial Management)	Vacant		ES-	0505	4				X		
Prin Dep Asst Secy for Programs & Budget	Mitchell, Willard H. \$50,112.50		ES-5	0301	4				X	X	

ORGANIZATION & POSITION TITLE	INCUMBENT	L	O	RC	POSITION			APPOINTMENT			STATUS
		PV	CO	AO	NON	CAR	SES	NON	CAR	LTD	
		AE	UD	ND	SES	RES	GEN				
		YL	PE	KE							
SAP/FM											
Asst Secy of the AF											
Financial Management),											
(Cont'd)											
Dep for Financial Systems & Analysis	Payne, R. C. \$50,112.50	ES-4	0505	5		X			X		Reemployed Annuitant to 1/81
Dep for Productivity Management	Fitzgerald, A. E. \$50,112.50	GS-17	0301	5	X*	X					
Dep for Accounting & Internal Audit	Boddie, J. W. \$50,112.50	ES-4	0510	5		X			X		
SAP/MI											
Assistant Secy of the											
AF, Manpower, Reserve											
Affairs & Installations											
Prin Dep Asst Secy (M, RA&I)	Meis, J. F. \$50,112.50	ES-5	0301	4				X	X		
Prin Dep Asst Secy for Installations	Vacant \$50,112.50	ES-	0301	4				X	X		
Prin Dep Asst Secy for Manpower Resources and Military Personnel	Bearg-Dyke, Nancy J. \$50,112.50	ES-3	0301	4				X		X	
Dep Asst Secy (Reserve Affairs)	McWilliams, G. M. \$50,112.50	ES-2	0301	4				X		X	
Dep Asst Sec (Civilian Personnel Policy)**	Cumbey, Craig J. \$50,112.50	ES-4	0201	4		X			X		
Dep for Environment & Safety	Stern, C. D. \$50,112.50	ES-4	0301	5				X		X	

*For current incumbent only
**Also serve as Director of Personnel
For Chief of Staff

ORGANIZATION & POSITION TITLE	INCUMBENT	L E P A Y	O C C U P E	R C A O N D E	POSITION			APPOINTMENT			STATUS
					SES	RES	GEN	NON CAR	NON CAR	LTD	
<u>SAF/MI</u>											
<u>Assistant Secy of the</u>											
<u>AF, Manpower, Reserve</u>											
<u>Affairs & Installations</u>											
<u>(Cont'd)</u>											
Dep for Installations Management	Boatright, J. \$50,112.50	ES-4	0301	5			X			X	
Dep for Equal Opportunity	West, Gail \$50,112.50	ES-2	0160	5				X			X
Deputy for Air Force Review Boards	Lineberger, Joe \$50,112.50	ES-1	0301	5			X				X
Asst Dep for Base Utilization	Rittenhouse, J. O. \$50,112.50	ES-2	0301	6				X			X
<u>SAF/GC</u>											
<u>General Counsel, Dept</u>											
<u>of the Air Force</u>											
General Counsel of the Air Force	Reichart, S. R. \$50,112.50	ES-6	0905	4				X			X
Dep General Counsel	Radoff, Phillip L. \$50,112.50	ES-4	0905	5				X			X
Asst General Counsel, Procurement	Rak, D. S. \$50,112.50	ES-4	0905	6				X			X

ORGANIZATION & POSITION TITLE	INCUMBENT	L	O	RC	POSITION			APPOINTMENT			STATUS
		PE	UD	ND	NON	CAR	SES	NON	CAR	LTD	
		YL	PE	KE	SES	RES	GEN				
<u>SAF/GC</u>											
<u>General Counsel, Dept</u>											
<u>of the Air Force,</u>											
<u>(Cont'd)</u>											
Asst General Counsel, Installations	Reynolds, G. C. \$50,112.50	ES-4	0905	6			X		X		
Asst General Counsel, International Matters & Civil Aviation	Allen, B. W. \$50,112.50	ES-3	0905	6			X		X		
Asst General Counsel, Personnel & Fiscal	Willson, W. A. \$50,112.50	ES-4	0905	6			X		X		
<u>SAF/AA</u>											
<u>Office of the Adm Asst</u>											
<u>to the Secy of the AF</u>											
Adm Asst to Secy of Air Force	McCormick, R. J. \$50,112.50	ES-4	0301	5			X		X		
Dep Adm Asst to Secy of Air Force	Crittenden, R. W. \$50,112.50	ES-2	0301	6			X		X		
Special Assistant	Forschler, George \$50,112.50	ES-1	0301	6			X			X	
<u>SAF/LL</u>											
<u>Office of Legislative</u>											
<u>Liaison</u>											
Associate Director of Legislative Liaison	Vacant	ES-	0905	6			X				

ORGANIZATION & POSITION TITLE	INCUMBENT	L	O	1 C	POSITION			APPOINTMENT			STATUS
		PV	CC		AO	NON	CAR	SES	NON	CAR	
SAF/AG		AE	UD	ND	SES	RES	GEN	CAR	CAR	LTD	
SAF/AG		YL	PE	KE							
AUDITOR GENERAL											
Auditor General	Stolarow, Jerome H. \$50,112.50	ES-4	510	5				X			X
SAF/US											
Deputy Under Secy of the AF, Space Systems											
Dep Under Secy (Space Systems)	Haas, Donald L. \$50,112.50	ES-5	1301	4					X		X
SAF/SS											
Office of Space Systems											
Dir, Office of Space Systems	Hill, J. D. \$50,112.50	ES-3	0301	5					X		X
SAF/SB											
Office of Small and Disadvantaged Business Utilization											
Dir, Office of Small & Disadvantaged Business Utilization*	Rellins, Donald E. \$50,112.50	ES-4	1102	5				X			X

*Position assigned administratively to AF/RD.

AF/CVN
Office of the Chief Scientist

Chief Scientist, US Air Force**	Stear, Edwin B. \$50,112.50	ES-4	1301	4					X		X
---------------------------------	--------------------------------	------	------	---	--	--	--	--	---	--	---

**This position is filled by non-career appointment, and accordingly, is reflected on this OSAP listing.

MERIT PAY

Title V of the Civil Service Reform Act (CSRA) established the Merit Pay System for supervisors and management officials in grades GS-13, 14 and 15 to be effective in October 1981. Employees who are covered by this system will no longer be eligible for within-grade and quality step increases. The CSRA stipulates that merit pay employees are only entitled to one-half of the yearly October comparability adjustment. The other half of the comparability increase together with the monies that would have been spent for within-grade and quality step increases will be pooled to form the merit pay fund.

Subject to OPM approval and requirements, each agency must establish a merit pay plan which will tie individual performance to the amount of the merit pay adjustment. To meet OPM requirements, the Air Force submitted two separate plans for approval. The Air Force Performance Appraisal Plan was approved on 22 April 1980 and the Merit Pay System was approved 11 September 1980.

The new General Manager Appraisal System (GMAS), which is specifically applicable to employees covered by merit pay, was implemented on 1 October 1980; the first pay out will be in October 1981.

The first performance appraisal period for merit pay employees runs from 1 October 1980 to 30 June 1981, thereafter the rating period will be from 1 July to 30 June of each year. Until conversion to the new system, which will occur at the time of the first pay out, (Oct 81) annual pay adjustments as well as regular and quality step increases will continue under the General Schedule.

The amount of the merit pay adjustment will vary according to the performance rating assigned to the individual; there are five performance levels under the Air Force system. Specific share points equate to each rating beginning with the "fully successful" level. (An individual who falls below this level receives no merit pay). For the higher ratings, "excellent" and "superior," the value of the share points increases substantially. Briefly stated, the mechanics of computing merit pay increases are as follows:

- (1) The employees of each merit pay unit receive a performance rating.
- (2) All the merit pay share points from the performance ratings of the employees in the unit are added together.
- (3) When the amount of the October comparability increases is known each year OPM publishes a Merit Pay Fund Computation Table. As soon as this information is available, the merit pay fund of each merit pay unit is calculated.
- (4) The merit pay share points are divided into the unit merit pay fund to arrive at the share value of each point.
- (5) The share value of a point is multiplied by each individual's rating to determine their portion of the merit pay fund.

TRANSITION APPOINTMENTS

An agency may establish temporary positions at the GS-15 grade level and below necessary to assist a department or agency head during the period immediately following a change in Presidential Administration, when a new Department or agency head has entered on duty, or at the time of the creation of a new department or agency. Such positions shall be either:

(1) Identical to an existing Schedule C position if intent to vacate that position has been put in writing by management or the present incumbent, such position to be designated as Identical Temporary Schedule C (ITC); or

(2) A new temporary Schedule C position, to be designated New Temporary Schedule C (NTC), when it is determined that the department or agency head's needs cannot be met through establishment of an Identical Schedule C position. The number of NTC positions established by any one agency may not exceed 25% of the total number of permanent Schedule C positions authorized for that agency as of March 31, 1980. In the case of the creation of a new department or agency, the number of NTC positions should be reasonable in light of the size and program responsibilities of that department or agency.

Service under this authority may not exceed 120 days. These positions must be of a confidential or policy-determining character, and are subject to instructions issued by the Office of Personnel Management.

Requests for such action should be made to the Office of the Administrative Assistant.

LABOR-MANAGEMENT RELATIONS

Over the years, the Air Force labor-management relations program has been marked by dramatic growth. The impact of unionism in the Air Force civilian workforce is reflected in current union representation of over 70% of employees paid from appropriated funds. The program is founded on the concept that employees have the right to representation by recognized unions and are entitled to a voice in the formulation of personnel policies, practices, and decisions affecting general working conditions. Such matters are negotiable and understandings reached may be documented in a written contract between management and the union. Such contracts have the force and effect of regulation and the administration of the contract is subject to review by authorities outside the Air Force.

Because of the authority of non-Air Force agencies to resolve union-management issues by directing corrective action, management must accept and apply the concept of bilateralism in dealing with unions. Additionally, managers must understand and adjust to union relations as a continuing feature in contemporary personnel management. The negotiability of matters pertaining to personnel policies, practices, and working conditions has broadened in scope as the Office of Personnel Management increases agency latitude in implementing personnel management policies. Management must utilize the labor-management relations program as an additional means for improving communications with the workforce and for improving efficiency of its operations.

On 7 February 1972 the Department of Labor certified the AFGE-GAIU (American Federation of Government Employees - Graphic Arts International Union) Council of Hq USAF Locals, AFL-CIO (American Federation of Labor - Congress Industrial Organization) as the exclusive representative for a unit of approximately 2300 non-supervisory, non-professional employees ranging in grade from GS-2 to GS-15 and assigned to positions throughout OSAF and Hq USAF. The AFGE-GAIU Council is composed of American Federation of Government Employees Local 1092 and the International Union Local 98-L. While AFGE represents only employees in the Federal sector it is the largest union in the public sector at this time. GAIU represents employees in both the private and public sector. The terms of the agreement, are binding on the Union and all supervisors and management officials within OSAF and Hq USAF. To date there has been no attempt to organize and represent professional employees or supervisors.

The current labor agreement is attached. Presently, negotiations are underway for a new contract.

PERSONAL SECRETARIES AND ASSISTANTS

A limited number of civilian positions are authorized in the Excepted Service (Schedule C). These are confidential or policy-determining positions and not subject to the competition required in the career service or the termination requirement for career employees. Authorized positions are as follows:

Secretary GS-11	Office of the Secretary of the Air Force
Secretary GS-11	Office of the Under Secretary
Secretary GS-10 Secretary GS-9	Assistant Secretary for Research, Development and Logistics
Secretary GS-10 Special Assistant GS-15	Assistant for Manpower, Reserve Affairs and Installations
Secretary GS-10	Assistant Secretary for Financial Management
Secretary GS-9	General Counsel

A military assistant is also authorized for each of the offices listed above. They are governed by the military assignment system.

Any action to employ, terminate, or reassign people in these positions must be taken in close coordination with the Office of the Administrative Assistant.

THE MILITARY PROMOTION SYSTEM

Currently there are three officer promotion systems

- Temporary Systems

- applies to all officers serving on active duty (Regulars and Reserves)
- determines a member's pay grade and the insignia the officer wears

- Permanent, Regular Air Force, Promotion System

- applies to Regular officers on active duty (there are no Regular officers in the Reserves)
- primarily determines a Regular officer's tenure

- Permanent, Reserve of the Air Force, Promotion System

- applies to Reserve officers both on active duty and not on active duty (includes Guard and Reserve personnel)
- primarily determines a Reserve officer's tenure as a commissioned officer

NOTE: The permanent Reserve system closely parallels the permanent Regular system which is discussed in more detail later in this paper.

The 96th Congress enacted the Defense Officer Personnel Management Act (DOPMA) which was signed into law by the President on December 12, 1980. This bill, which amends and/or adds over 400 sections of law, will streamline the management of the officer force and standardize officer management to a large extent for all services. The Air Force was the biggest supporter of this legislation and the final bill adopts much of the Air Force's current management approach for the officer corps. The effective date for DOPMA is September 15, 1981. A summary of the major features of DOPMA follows after a description of the current promotion systems.

Temporary Promotion System (Regular and Reserve Officers)

The temporary system was established by the 1947 Officer Personnel Act in recognition of a need to supplement the Regular officer force with Reserve officers to fill active duty requirements above the Regular officer ceilings

- o temporary promotion system provides the means for the Air Force to fill its total active duty grade requirements through promotion of all categories of officers (Regular and Reserve)
- o Regular and Reserve officers are considered by the same board and compete with each other for selection to all grades

Promotion opportunities are established by Secretarial policy to provide a reasonable, stable and visible promotion flow consistent with long term AF requirements; promotion phase points ("pin-on" times for due course officers) are a function of grade limitations and attrition (vacancies)

Permanent Promotion System (Regular Officers Only)

Permanent promotion system established in anticipation of a small standing force

- o primary purpose was to insure consideration for promotion to the next higher permanent grade at reasonable career points for consideration, and by establishing tenure limits for each permanent grade
- o provides for maximum of 69,425 Regular officers and further stipulates maximum percentages by grade

for example, provide that not more than 8% of Regular officers may be in grade of permanent colonel

however, may promote without regard to vacancies to permanent captain, major, and lieutenant colonel if promotion to these grades is occurring at 7, 14, and 21 years promotion list service (PLS), respectively but actual number of Regular officers in each permanent grade may be further constrained by congressional/OSD limitations on total grade strengths as developed in the budgetary process

- o requires consideration for promotion at specified maximum promotion points phased system allows officers enough time between grades to develop and demonstrate potential for promotion and precludes possibility of long stagnation in permanent grade

for promotion to permanent lieutenant colonel and below officers must be considered far enough in advance so that, if selected, they may be promoted upon completion of the following

<u>For Promotion to</u>	<u>Years of Promotion List Service</u>
First Lieutenant	3
Captain	7
Major	14
Lietenant Colonel	21

however, an officer may not be considered more than two years before the date on which it is anticipated that he will be promoted if selected

for promotion to permanent colonel

no maximum promotion point is established for permanent colonel

officer must complete one year in a grade as permanent lieutenant colonel before consideration for permanent colonel

the first consideration for promotion to permanent colonel currently occurs near the 24th year of promotion list service (PLS)

selections must be made only to fill actual or anticipated vacancies

- o by law, promotion to permanent first lieutenant is always under fully qualified method (no board held, commanders identify unqualified officers, SECAF has final decision)
- o 1947 OPA requires selection for promotion to permanent captain through permanent colonel be made by selection board

two methods of selection

fully qualified: board must make a judgment that each officer is or is not qualified to serve in the next higher grade (board may select every officer considered)

best qualified: board nominates or selects officers whose records, when compared with those of other eligible officers, indicate they have the greatest capability and potential to serve in the next higher grade (board aligns eligibles in order of merit listing)

best qualified method of selection provides means for attrition from the Regular Force

- o Selection/nonselection in the permanent promotion system determines tenure for Regular officers

consideration for permanent promotion normally occurs after the point when consideration for promotion to the same temporary grade occurs

with each permanent Regular promotion goes added tenure at least to the point of consideration for the next higher permanent grade

nonselection to permanent first lieutenant (normally at 2-1/2 years PLS) results in separation from active duty at the completion of three years PLS

an officer who twice fails selection to permanent captain or major is separated (with severance pay) or retired (if eligible) from active duty; or by policy he may also resign, not collect severance pay, and continue serving in enlisted status

an officer who fails selection to permanent lieutenant colonel or above may remain on active duty until the tenure point associated with his permanent grade

permanent majors may serve until deferred twice to permanent lieutenant colonel (departure occurs at approximately 22 YOS); permanent lieutenant colonels may serve through 28 years PLS; permanent colonels may serve through 30 years PLS or 5 years in permanent grade, whichever occurs later

EXECUTIVE SUMMARY

DEFENSE OFFICER PERSONNEL MANAGEMENT ACT (DOPMA)

PURPOSE: Update and make uniform current law relating to officer appointments, promotions, separation and retirement

EFFECTIVE DATE: 15 September 1981

MAJOR FEATURES:

Grade Tables

- Permanent field grade tables for the Air Force (about 3% less than OGLA with relief)
 - must meet new limits by 30 September 1982 — half way by 30 September 1981

Promotions

- Single system of permanent promotions vice current system where most officers first compete for temporary promotion and then permanent promotion to the same grade
- Active-duty list (ADL)
 - within 6 months after enactment, all officers on active duty (except Section officers, retired officers, etc.) will be placed on an ADL by promotion category
 - seniority on the ADL will be established so as to maintain current relative seniority among active duty officers

Tenure and Retirement

- Mandatory retirement for lieutenant colonels and colonels standardized at 28 and 30 years (but can be extended by board action for up to five additional years)
- Permits the selective continuation of twice failed Regular captains up to 20 years service and twice failed majors to 24 years
- Selective early retirement is a new feature
 - permits board selection of up to 30% of O-5s to be retired prior to 28 years after two nonselects to O-6 and 30% of O-6s prior to 30 years after 4 years in grade — but intent is that this authority would be used only in force drawdown
- DOPMA will require 3 years service in grade for voluntary retirement for officers promoted by DOPMA boards

- can be waived by the President in extreme hardship or in other exceptional circumstances

Constructive Service Credit

- Will only count for entry grade, seniority, and promotion
 - at present constructive credit for medical and dental officers counts for basic pay and retired pay as well as for grade and rank
- Judge advocates and chaplains will enter as first lieutenants and be promoted to captain after one year
 - additional credit authorized for judge advocates if shortages develop
- New formula for computing credit for health professionals
 - major change is that nurses will not get constructive credit for a baccalaureate as they do today

Other Provisions

- Maximum separation pay for officers involuntarily separated after 5 years service and prior to retirement eligibility increased from \$15,000 to \$30,000
- An all-Regular career force will not be mandated but modifications to existing law will permit the Air Force to implement this feature by policy
- DOPMA will repeal long standing provisions of Title 10 that specify different, but no longer justified, treatment of men and women officers. This will allow, for example, Regular appointment of nurses and medical specialists under the same rules as apply to all other officers. DOPMA does not revise the provisions of Section 8549 of Title 10 which preclude women in the Air Force from assignment to duty in aircraft engaged in combat missions.

TRANSITION PROVISIONS: Designed to protect equities of officers now on active duty

Promotion Provisions

- Officers holding a temporary grade higher than their permanent grade or recommended for promotion to a higher temporary grade will be permanently promoted to the higher grade
 - unless they have been once deferred to a permanent grade -- these officers will meet a board to resolve their status
- Reserve officers who hold a higher Reserve grade than their temporary active duty grade will continue to serve in a temporary grade
 - less than 400 such officers now and there won't be any new ones under DOPMA since active duty Reservists will no longer be considered for ROPA promotions

- During the period between enactment and effective date, temporary boards and Regular 0-4 and 0-5 boards will continue as planned

Tenure Protection

- Regular majors or Regular major selects on the effective date can serve for minimum of 21 years active commissioned service
- No change for Regular lieutenant colonels — stays at 28 years
- Regular colonels or Regular colonel selects on effective date can stay for 5 years in grade as a Regular colonel if greater than basic 30-year tenure (DOPMA does away with the "or 5 years in grade" rule for colonels)

Voluntary Retirement

- Three years time-in-grade rule will not apply to officers not promoted by a DOPMA board
 - but for such officers the current 2-year DOD policy will be in law, effective 15 September 1981

Constructive Service Credit

- Officers currently credited with constructive service or in programs leading to an appointment where constructive service would count for pay (MC/DC) will continue to receive this credit

OTHER INITIATIVES: DOPMA contains several initiatives not related to officer personnel management

- It makes permanent current temporary authority to provide disability retirement and separation entitlements to members with less than eight years service. Current authority expires 30 Sep 82 and, if allowed to expire, the disability retirement entitlement would exist only when the disability was determined to be the proximate result of performing active duty.
- It contains a "per diem equity" amendment designed to eliminate the differences in per diem policies between officers and enlisted members
- It provides a save pay provision for dental officers with over 20 years of service (who have not completed a residency training program or formal education program of 10 or more months) to avoid the 50% reduction in continuation pay contained in the Health Professionals Special Pay Act of 1980
- It will also continue the operation of the special pay system for medical officers in the Reserves as they applied before the enactment of the 1980 Health Professionals Special Pay Act

THE AUDITOR GENERAL AND THE AIR FORCE AUDIT AGENCY

Introduction

The Air Force Audit Agency, a separate operating agency, was created as a result of Public Law; specifically, the Budgeting and Accounting Procedures Act of 1950. Various Department of Defense directives, an Air Force Secretarial Order, Air Force regulations, and Audit Agency directives implement the Public Law.

The Secretary of the Air Force has delegated sole authority for accomplishing internal audits in the Air Force to The Auditor General. The Auditor General reports directly to the Secretary and receives technical guidance and supervision on audit policy and management matters from the Assistant Secretary for Financial Management. The Auditor General has direct access to the Secretariat, the Chief of Staff, the Air Staff, and all other Air Force organizational units and activities, and all the Defense audit organizations. Reporting directly to the Secretary ensures the Auditor General's independence in selecting audit subjects and reporting audit results.

Mission

The mission of the Air Force Audit Agency is to provide all levels of Air Force management with independent, objective, and constructive evaluations of the economy, effectiveness, and efficiency with which management responsibilities (including financial, operation, and support activities) are carried out. The mission statement is derived from Department of Defense Instruction on Audit Policies. In performing its mission, the Air Force Audit Agency complies with an Office of Management and Budget Circular which requires following the Comptroller General's standards for governmental audits.

General standards relate to audit scope, technical proficiency, audit independence, and professional care in auditing. Recent supplements to the general standards provide additional guidance for auditing computer-based systems.

Examination and Evaluation Standards deal with audit planning, supervision, legal and regulatory requirements, internal control evaluations, and the adequacy of evidential matter.

Reporting Standards require timely, written reports of audit. They also stress clarity, accuracy, completeness, fairness, and objectivity in reporting.

Scope Of Audit Activity

The scope of audit activities is as follows:

All Air Force organizational components, functions, activities, and levels of operations are subject to comprehensive audit.

There are no limitations on the Agency in selecting Air Force activities for audit, determining the scope of audit work, and reporting audit results.

Audit Programs

The Air Force Audit Agency uses four basic audit programs. Each is tailored to particular purposes and levels of management. Major characteristics of each program follow:

Centrally directed audits serves the Air Staff and major command management. This program consists of evaluations accomplished concurrently at multiple locations. About 100 centrally directed audits are performed each year. The results of these are summary reports addressed to the management level which can best correct the problems noted. However, the Air Staff, the Secretariat, and the Office of the Assistant Secretary of Defense receive copies of all summary reports.

Audit Office Initiated Audits

Initiative audits are limited to a single installation and often employ audit guides to cover a particular installation-level function or activity; they provide installation-level managers objective evaluations of their day-to-day operations. Results of these audits are reported to installation commanders and appropriate major commanders. These audits may be requested by installation managers or proposed by Air Force Audit Agency area office chiefs at individual Air Force installations. About 1200 initiative audits are performed each year.

Commanders Audit Program

As with initiative installation audits, commanders can use this program to take an active role in identifying areas requiring audit attention.

The Commanders Audit Program provides a consultant-type service in priority problem areas where analysis would exceed a commander's in-house capability. Specific ground rules ensure selectivity in accepting commander requests. As long as these audits do not disclose irregularities such as fraud or violation of public law, the Air Force Audit Agency reports the results only to the requesting commander. About 350 commanders audit program audits are performed each year.

Followup Program

Under current Air Force policy, management has primary responsibility to track and determine what corrective action will be taken in response to all audit findings and recommendations. This does not relieve the auditor of the responsibility for following up on recommendations to determine whether the deficiency still exists. The Air Force Audit Agency selectively follows up on audit recommendations to determine whether management action was effective in eliminating the deficiency. Periodically, the Air Force Audit Agency also reviews management's tracking system to evaluate its effectiveness for ensuring corrective actions are taken.

Organization

The Air Force Audit Agency has about 890 professional auditors and 195 support personnel assigned. In addition to the headquarters at Norton AFB CA and the Assistant Auditor General located in the Pentagon for liaison purposes, the Air Force Audit Agency has two functional directorates and two geographic

regions. This alignment enables the Agency to serve clients who are also dispersed along operational and functional lines.

Acquisition & Logistics Directorate

Headquartered at Wright-Patterson Air Force Base OH, this directorate manages 13 audit production centers including 5 Air Logistic Centers and 3 major buying divisions. The directorate is authorized 295 auditors representing about 34% of total auditor strength. Each of the audit offices at the logistics centers and buying divisions has approximately 30 auditors.

In addition to providing audit service to Air Force Logistics Command and Air Force Systems Command, the Acquisition and Logistics Systems Directorate also provides service to related Air Staff functional elements.

Service-Wide Systems Directorate

The Service-Wide Systems Directorate is headquartered at Andrews Air Force Base MD and has a total manning authorization of 91 auditors. This directorate's primary responsibility is to design and manage centrally directed audits of standard Air Force-wide functions and activities. The directorate accomplishes this mission through five division offices. Two of the offices are located in the Washington D.C. area for ease of access to the Air Staff. The other three offices are located at the Air Force Accounting and Finance Center near Denver CO, and the Manpower and Personnel Center near San Antonio TX.

Audit Regions

The two regions are organized geographically. The Western Region headquarters is located at Norton Air Force Base with audit responsibility extending into the Pacific. Eastern Region, headquartered at Langley Air Force Base VA, has audit responsibility for Europe and the Eastern United States. Each of the regions manages three offices which have major command audit responsibilities and just over 30 installation-level area audit offices. Major command offices are located at Hickam Air Force Base HI, Elmendorf Air Force Base AK, and Offutt Air Force Base NE in Western Region; and at Scott Air Force Base IL, Langley Air Force Base VA, and Ramstein Air Force Base GE in Eastern Region. Installation-level offices are responsible for auditing all Air Force installation-level activities within their geographic area.



NO: 502.1

DATE: 24 July 1978

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Air Force Audit Agency

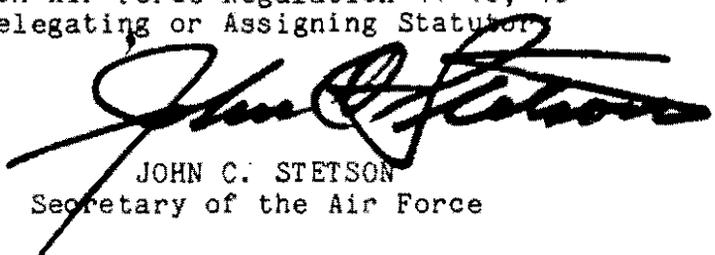
1. In accordance with Secretary of Defense 26 May 1978 Reorganization Order issued pursuant to Section 125 of Title 10, United States Code, the Air Force Audit Agency (AFAA) will report to the Secretary of the Air Force. The Commander of the AFAA, also designated The Auditor General:

a. Is responsible for the internal audit function of the Department of the Air Force under 10 USC 8014 (a)(4), and for liaison with the General Accounting Office, the Deputy Assistant Secretary of Defense (Audit) and other governmental audit agencies on day-to-day operational matters.

b. Will report to the Secretary of the Air Force and will receive staff supervision from the Assistant Secretary of the Air Force (Financial Management). For this purpose, staff supervision is defined as (1) supervision of audit policy and management matters and (2) technical guidance.

c. Is authorized direct access to the Chief of Staff.

2. This Order is effective on 24 July 1978 and is issued in accordance with Air Force Regulation 11-18, 18 July 1963, subject: "Delegating or Assigning Statutory Authority".


JOHN C. STETSON
Secretary of the Air Force



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

DONALD E. RELLINS

Don Rellins became the Advisor to the Secretary of the Air Force on small and minority business matters in December 1971. He became the first Director of the Air Force Office of Small and Disadvantaged Business Utilization in 1979. He is responsible for establishing and operating a program, as required by law, to insure that a fair proportion of Air Force prime contracts and subcontracts are placed with small business and small disadvantaged firms.

He received a B.S. in Commerce, magna cum laude, from the University of Notre Dame in 1954 and received his Juris Doctor degree from Georgetown University in 1962. He is a Member of the Virginia State Bar Association.

Mr. Rellins has held a variety of positions in government and industry. His industry experience has been with both large and small firms. He has also owned and operated his own small business.

He served with the U.S. Air Force as an officer in the Strategic Air Command during the mid-fifties. Later, he was a cost analyst with U.S. Steel. He has been involved with government contracting and procurement since 1959 as either a contract negotiator, a lawyer, or a procurement analyst.

Immediately before assuming his present position, Mr. Rellins was with the Office of the Assistant Secretary of Defense (Installations & Logistics).

Mr. Rellins was selected as a Congressional Fellow in 1969. Following an extensive orientation, he served on Capitol Hill for one year in various committee and member's office assignments.

**DIRECTOR OF SMALL AND DISADVANTAGED
BUSINESS UTILIZATION**

The Office of Small and disadvantaged Business Utilization is required by statute (Public Law 95-507). The Director, also by statute, reports directly to the Secretary and is responsible for Air Force implementation and execution of the functions and duties required by Section 8 and 15 of the Small Business Act. The Director:

- a. Advises the Secretary on small business, small disadvantaged business, women-owned business, and labor surplus area matters.
- b. Plans, develops, and directs the Air Force programs on small business, small disadvantaged business, women owned business, and labor surplus areas.
- c. Represents the Air Force on these matters with other Government agencies such as the Small Business Administration and the Department of Commerce, with DOD and the Military Departments and with private industry.
- d. Exercises supervisory authority on these matters over Air Force Small and Disadvantaged Business Utilization Specialists.

The Directorate functions in both a Secretariat and Air Staff capacity. To facilitate management of its field personnel and to provide advice and assistance to the Air Staff, the Directorate is located for administrative purposes in the Office of the DCS (Research, Development and Acquisition).



NO: 650.2

DATE: MAY 18 1979

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Establishment of the Office of Small and Disadvantaged Business Utilization

1. Pursuant to Public Law 95-507, amending the Small Business Act of 1958, there is established in the Department of the Air Force an Office of Small and Disadvantaged Business Utilization. That office shall be headed by a Director of Small and Disadvantaged Business Utilization.

2. The Director of Small and Disadvantaged Business Utilization, when serving in that capacity shall report to the Secretary of the Air Force.

3. The Director of Small and Disadvantaged Business Utilization will receive policy and management guidance from the Assistant Secretary of the Air Force for RD&L and will advise and assist other principal military and civilian officials of the Department of the Air Force in matters relating to Sections 8 and 15 of the Small Business Act of 1958, as amended. The Director is responsible for the:

a. Implementation and execution of the Department of the Air Force's functions and duties under Sections 8 and 15 of the Small Business Act of 1958, as amended;

b. Supervision of the small and disadvantaged business program for the Department of the Air Force;

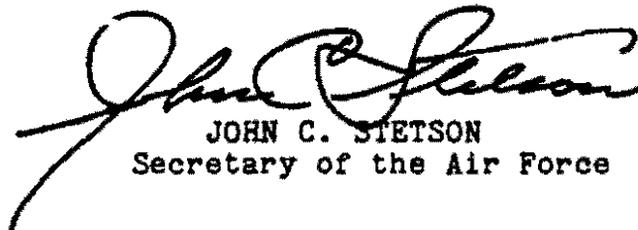
c. Assignment of at least one small business technical adviser for each office in the Department of the Air Force to which the Small Business Administration has assigned a procurement center representative; and

d. Cooperation and consultation with the Small Business Administration with respect to the functions listed in a. above.

NO: 650.2
DATE: MAY 18 1979

4. In view of and to facilitate the executive functions of the Director of Small and Disadvantaged Business Utilization, the Office of Small and Disadvantaged Business Utilization will be located in the Office of the DCS (Research, Development & Acquisition).

5. This Order is issued in accordance with Air Force Regulation 11-18, dated 18 July 1963, subject: "Delegating or Assigning Statutory Authority."



JOHN C. STETSON
Secretary of the Air Force

CONTENTS

OVERVIEW

PERSONAL ENTITLEMENTS/OBLIGATIONS

Standards of Conduct

- Basic Policy
- Disqualifications
- Financial Disclosure
- Post Employment Restrictions
- Personal Liability of Air Force Officials
- Political Activity

Personnel Benefits

- Pay
- Health Benefits Program
- Leave — Sick leave
- Retirement
- Group Life Insurance
- Employee Compensation

Official Travel

- Initial Travel and Transportation Expenses
- Travel Orders and Reimbursement
- Accompanying Spouse
- Travel of Other Dependents
- First Class Travel
- Foreign Travel
- Special Air Mission/Military Aircraft

Special Entitlements

- Official Vehicles
- Dining Facilities
- Medical Care for Statutory Officials
- Officer's Clubs
- Pentagon Officers Athletic Centers
- The Army Navy Country Club

Miscellaneous

- Decorations and Gifts from Foreign Governments
- Disposition of Personal Papers and Official
Records
- Office Furnishings
- Parking
- Commissaries and Post Exchanges
- Confirmation of Statutory Appointees

ADMINISTRATIVE AND MANAGERIAL SUPPORT

Organization of the Office of the Administrative Assistant
Services of the Office of the Administrative Assistant
Functions of the Office of the Administrative Assistant
 Civilian Personnel and Personnel Services
 Military Personnel Services
 Travel Services
 Office and Supply Services
 Administrative Management
 Word Processing Center
 DOD News Clipping and Analysis Service
Odds and Ends

OFFICIAL REPRESENTATION FUNDS

Authority and Basic Policies
Hosting Authority
DOD Members who may be entertained
Gifts and Mementos
Limitations

KEY PERSONNEL MANAGEMENT SYSTEMS

OSAF Personnel Policy
The Senior Executive Service
Merit Pay
Transition Appointments
Labor Management Relations
Personal Secretaries and Assistants
The Military Promotion System

SECURITY

Security Clearances
Protection of Classified Material

OVERVIEW

The material in this volume is designed to acquaint new statutory officials with a variety of information about available services and supportive functions, answer some questions that seem to be of interest historically, and provide a quick summary of several key personnel issues that need to be highlighted.

Equally important, it provides a quick reference to those new to the government service, for public law requirements such as standards of conduct, conflicts of interest, financial reporting, and other issues which must be carefully observed.

The Office of the Administrative Assistant is described in some detail. It is the management and operational focus within the Secretariat and is designed to provide central support in a variety of functions. It is not a substitute, however, for the internal management activities of each Assistant Secretary. All appointees are urged to avail themselves of the advice and services available from this office.

PERSONAL ENTITLEMENTS/OBLIGATIONS

Standards of Conduct

- Basic Policy
- Disqualifications
- Financial Disclosure
- Post Employment Restrictions
- Personal Liability of Air Force Officials
- Political Activity

Personnel Benefits

- Pay
- Health Benefits Program
- Leave — Sick leave
- Retirement
- Group Life Insurance
- Employee Compensation

Official Travel

- Initial Travel and Transportation Expenses
- Travel Orders and Reimbursement
- Accompanying Spouse
- Travel of Other Dependents
- First Class Travel
- Foreign Travel
- Special Air Mission/Military Aircraft

Special Entitlements

- Official Vehicles
- Dining Facilities
- Medical Care for Statutory Officials
- Officer's Clubs
- Pentagon Officers Athletic Centers
- The Army Navy Country Club

Miscellaneous

- Decorations and Gifts from Foreign Governments
- Disposition of Personal Papers and Official Records
- Office Furnishings
- Parking
- Commissaries and Post Exchanges
- Confirmation of Statutory Appointees

PERSONAL ENTITLEMENT/OBLIGATIONS

Standards of Conduct

Basic Policy

The primary sources of Standards of Conduct guidance for Air Force employees are DOD Directive 5500.7 and Air Force Regulation 30-30. The basic policy is that Air Force personnel, including their spouses, minor dependent children, and any other household member, must not take part in any personal, business, or professional activity or receive or retain any direct or indirect financial interest that places them in a position of conflict between their private interests and their responsibilities to the public as Air Force personnel. Any appearance of conflict must also be avoided.

Standards of conduct questions frequently arise concerning accepting gratuities. DOD personnel and their families are prohibited from accepting gratuities from companies doing business with the Department of Defense except in certain limited circumstances. Gratuities include meals, drinks, entertainment, travel, etc. Additional guidance is provided in the attached AFR 30-30 excerpt. Other standards of conduct topics covered in AFR 30-30 include (1) using Government facilities, property and manpower, (2) outside employment, (3) gambling and lotteries, (4) using civilian and military titles in connection with commercial enterprises, and (5) contributions or presents to superiors.

Secretariat personnel with questions relating to their individual circumstances should discuss them with the General Counsel's Office.

Disqualifications

Full time government employees are prohibited from taking part in any matter in their official capacity in which they, their spouses, minor children, outside business associate, or person with whom they are negotiating future employment have a financial interest. Violation of this prohibition is a crime punishable by imprisonment for up to two years or a fine of up to \$10,000, or both. This prohibition does not apply when a prior determination has been made that the interest is either too remote, too insubstantial, or too insignificant to affect the integrity of the government employee's service. In situations where the financial interest can not be classified as too remote, too insignificant, or too insubstantial, the government employee must dispose of the interest or must disqualify him or herself from taking official action on any matter connected with that interest. Official action includes decision, approval, disapproval, recommendation, the rendering of advice, investigation, etc. Additional guidance is contained in the attached AFR 30-30 excerpt.

Secretariat personnel possessing financial interests which might conflict with their official responsibilities should discuss their situation with the General Counsel's Office. If it is determined that a conflict might exist, the General Counsel's Office will assist in the preparation of disqualification memoranda.

Financial Disclosure

The Ethics in Government Act of 1978 requires the annual filing of detailed financial disclosure reports by civilian employees paid at a rate equal to or greater than the minimum GS-16 rate and by military members whose pay grade is at or in excess of O-7. The initial report is due within 30 days of assuming such a position or, if the position requires the advice and consent of the Senate, within 5 days of the transmittal of the nomination to the Senate. This initial report covers the prior calendar year and the current calendar year up to the date of filing. Additional reports are due annually each May 15th.

Agencies must make these reports available to the public, but it is unlawful for persons to use the reports for commercial purposes, for determining credit ratings, or for soliciting money. The Office of Government Ethics, which was created by The Ethics in Government Act as part of the Office of Personnel Management, has developed a form for reporting this information. Secretariat personnel having questions regarding either the form or their personal circumstances should contact the General Counsel's Office.

Post Employment Restrictions

The Ethics in Government Act of 1978 amended 18 U.S.C. §207 and provided several new restrictions on the post employment activities of officers and employees of the government. This statute is a criminal statute and provides for penalties of up to \$10,000 or two years imprisonment. Its basic provisions are as follows:

- (a) Lifetime prohibition. Applies to any former officer or employee.
 - May not act as agent or attorney or otherwise represent another or make any communication with an intent to influence concerning any matter involving specific parties in which the individual participated personally and substantially for the Government (Sec. 207(a)).

- (b) Regular two year prohibition. Applies to any former officer or employee.
 - May not act as agent or attorney or otherwise represent another or make any communication with an intent to influence concerning any matter involving specific parties which was pending under the individual's official responsibility within a one-year period prior to termination of such responsibility (Sec. 207(b)(i)).

- (c) Special-two year "aiding and assisting" prohibition. Applies to all Executive Levels I-V, all officers at grade O-9 and above, and to certain designated SES, O-7 and O-8 positions.
 - May not aid, counsel, advise, consult, represent, or assist in representing another by personal appearance before an agency concerning any matter which was pending under his official responsibility or in which he participated per-

sonally and substantially within one year prior to retirement. (Sec. 207(b)(ii)). (Does not require a showing of "an intent to influence").

(d) Special one year "no contact" prohibition. Applies to all Executive Levels I-V, all officers at grade 0-9 and above, and to certain designated SES, 0-7 and 0-8 positions.

- May not, on behalf of anyone, have an oral or written communication with former agency or department with intent to influence on any matters pending before that agency or department, or in which the agency has a direct interest.
- Does not apply to contacts by former senior officials who are elected officials of, or are employed by: a state or local government; a degree-granting institution of higher learning; a hospital or medical research organization.

Attached is matrix that presents the information in a different format. Secretariat personnel with questions relating to their individual circumstances should contact the General Counsel's Office.

Personal Liability of Air Force Officials

Government officials are occasionally sued in their personal capacities for actions taken in their official capacities. If the allegation does not involve a Constitutional violation and the official was acting within the outer limits of his or her official responsibilities, the official has an absolute immunity from suit. In suits alleging unconstitutional actions Government officials are entitled to at least a qualified immunity, i.e., a successful defense is made out by a showing of good faith (lack of malice toward the plaintiff personally) and reasonable belief that the conduct complained of was Constitutionally unobjectionable. When Government officials are sued in their personal capacity they may be represented, at no cost to themselves, by the Department of Justice, but any damages awarded the plaintiff must be paid by the official without reimbursement. To date, the relatively small number of awards made have been for only nominal damages.

In most suits alleging deprivation of Constitutional rights, an adequate defense can be established by asserting adherence to prescribed procedures. Even if proper procedures are used, however, a showing of some form of bad faith may result in personal liability. For example, an adverse personnel action accompanied by gratuitous adverse public comment could give rise to liability based on injury to reputation leading to diminished reemployment opportunities. It is also conceivable that a suit could arise out of oral or written responses to requests for recommendations concerning Government employees or former employees. Although officials would have absolute immunity from liability for "pure" defamation (i.e., where no Constitutional violation is involved), they might have to establish good faith and a reasonable belief in the accuracy of their statements if, for example, the alleged defamation were accompanied by an adverse personal action.

Political Activity

The Hatch Act, 5 U.S.C. §7321 et seq., prohibits most forms of political activity for civilian employees of the government within the Department of Defense. It does not, however, apply to the Secretary and Deputy Secretary of Defense, the Secretaries of the Military Departments, the Under Secretaries of Defense and all other officers or employees appointed by the President, with the advice and consent of the Senate, who determine policies to be pursued by the United States in its relations with foreign powers or in the nationwide administration of Federal Laws.

Civilian officials of the DoD not subject to the Hatch Act are restricted in their political activities by those laws relating to political activities that apply to all citizens. These include the Federal Election Campaign Act Amendments of 1976, Pub. L. No. 94-283. All civilian DoD officials are also prohibited from using official authority or influence for the purpose of interfering with or affecting the result of an election, (5 U.S.C. §7324(a)(1)) or from using federally funded benefits, or the threat of withholding them, for that same purpose (18 U.S.C. §600).

In addition, civilian DoD officials are subject to such policies and precedents pertaining to the political activities of DoD officials as have heretofore been established by the Department of Defense. For many years, it has been the policy of the Department of Defense that its civilian officials not subject to the Hatch Act will refrain from engaging in most aspects of partisan political campaigns. Accordingly, DoD officials — whether covered by the Hatch Act or not — generally may not participate as organizers, speakers, hosts, or the like, in activities sponsored by the campaign committee of a political candidate, or in activities related directly or indirectly or fundraising on behalf of a political candidate.

This policy does not preclude Defense officials from explaining, advocating, or defending policies or actions relating to issues of national defense or foreign policy. Although the discussion of a defense matter may have a clearly discernible similarity to a policy advocated by a political party or candidate, this effort to inform and explain by Department of Defense officials is essential to public understanding of Defense policies and actions and does not come within the prohibition of partisan political activity. Finally, the policy on non-participation in partisan political campaigns does not preclude Defense officials from appearing before a national political committee at its request for clarification or explanation of defense matters.

Employees subject to the Hatch Act are affected by its prohibitions whether on duty, off duty, or in a leave status. Most municipalities and political subdivisions in the Washington, D.C. vicinity have, however, been exempted from certain of the Hatch Act's restrictions. These are listed in 5 CFR §733.124. Employees who reside in these localities may take an active part in political management or in political campaigns in connection with partisan elections for local offices, so long as the participation is as, on behalf of, or in opposition to an independent candidate. In these localities candidacy for or service in public office may not result in interference with the performance of the employee's duties, nor create a conflict or apparent conflict of interest.

Attached is a list of activities prohibited by the Hatch Act and a list of activities not prohibited by it. These lists are not comprehensive and are intended to be general guidance only. Secretariat personnel considering political activities should consult with the General Counsel's Office for guidance on the legality of the intended activity.

GRATUITIES ADDITIONAL GUIDANCE

1. General. This attachment supplements paragraph 5 of the regulation.

2. Gratuities:

a. **General Prohibition.** Except as provided in b below Air Force personnel and their immediate families must not solicit, accept, or agree to accept any gratuity for themselves, members of their families, or others (either directly or indirectly from), or on behalf of, any source that:

(1) Is engaged in or seeks business or financial relations of any sort with any Department of Defense Component;

(2) Conducts operations or activities that are either regulated by a Department of Defense Component or significantly affected by Department of Defense decisions; or

(3) Has interests that may be substantially affected by the performance or nonperformance of the official duties of Department of Defense personnel.

b. **Limited Exceptions.** The general prohibition in a above, does not apply to:

(1) The continued participation in employee welfare or benefit plans of a former employer when permitted by law and approved by the proper Standards of Conduct Counselor or Deputy Counselor.

(2) Accepting unsolicited advertising or promotional items that are less than \$5 in retail value.

(3) Trophies, entertainment, prizes, or awards for public service or achievement or given in games or contests that are clearly open to the public generally or that are officially approved for Air Force personnel participation when consistent with 18 U.S.C. 209.

(4) Things available to the public (such as university scholarships covered by AFR 53-18) and free exhibitions by Defense Contractors at public trade fairs.

(5) Discounts or concessions extended Air Force-wide and realistically available to all Air Force personnel.

(6) Participation by Air Force personnel in civic and community activities when any relationship with Defense contractors is remote, for example, taking part in a Little League or Combined Federal Campaign luncheon that is subsidized by a Defense contractor.

(7) Social activities engaged in by Air Force officials and officers in command, or their representatives, with local civic leaders as part of the Air Force community relations programs in the United States and overseas according to AFM 190-9, chapter 4.

(8) DOD personnel taking part in widely attended gatherings of mutual interest to Government and industry, sponsored or hosted by industrial, technical, and professional associations (not by individual contractors) provided that they have been approved according to DOD Instruction 5410.20).

(9) Situations in which (a) Air Force personnel taking part in public ceremonial activities of mutual interest to industry, local communities, and the Air Force serves the interests of the Government; and (b) accepting the invitation is approved by the Air Force major commander concerned. Air Force personnel assigned to HQ USAF or its separate operating locations must obtain such approval from their Deputy Chief of Staff, Staff Agency Head, or the head of a comparable or higher office. Invitations for Air Force personnel assigned to the office of the Secretary of the Air Force must be approved by the Air Force General Counsel.

(10) Contractor-provided transportation, meals, or overnight accommodations in connection with official business if arrangements for Government or commercial transportation, meals, or accommodations are clearly not practical. In any such case, the individual must report, in writing, the circumstances to the supervisor as soon as possible.

(11) Attendance at promotional vendor training sessions if the vendor's products or systems are provided under contract to DOD and the training is to facilitate the use of those products or systems by DOD personnel.

(12) Attendance, or Air Force personnel taking part in gatherings, including social events such as receptions, that are hosted by foreign governments or international organizations, provided that the acceptance of the invitation is approved by the General Counsel or designee. This approval is not required if attendance or participation is authorized by other exceptions, such as those in b(7) above or b(14) below or if the social event involves a routine or customary social exchange with officials of foreign governments in pursuance of official duties.

(13) Customary exchanges of gratuities between Air Force personnel, and their friends and relatives, as well as the friends and relatives of their spouse, minor children and members of their household. This applies only if the circumstances make it clear that it is that relationship, rather than the business of the persons concerned, that is the motivating factor for the gratuity and if it is clear that the gratuity is not paid for by any source described in a above.

(14) Situations in which in the sound judgment of the individual concerned or the individual's supervisor, the Government's interest will be served by Air Force personnel taking part in activities otherwise prohibited. In any such case, a written re-

port of circumstances must be made in advance, or if an advance report is not possible, within 48 hours by the individual or the supervisor to the proper Standards of Conduct Counselor or Deputy Counselor.

c. Reimbursements:

(1) The acceptance of accommodations, subsistence, and services furnished in kind, in connection with official travel from other than those sources in 2 a, above is authorized only when the individual is to be a speaker, panelist, project officer, or other bona fide participant in the activity attended and when such attendance and acceptance is authorized by the order-issuing authority as being in the overall Government interest.

(2) Except as indicated in c(1) above, Air Force personnel may not accept personal reimbursement from any source for expenses related to official travel, unless authorized by their supervisor. Reimbursement must be consistent with guidance provided by the proper Standards of Conduct Counselor or Deputy Counselor and according to 5 U.S.C.

4111 or other statutory authority. Reimbursement must be made to the Government by check payable to the Treasurer of the United States. Personnel are reimbursed by the Government according to regulations that relate to reimbursement.

(3) Air Force personnel must not accept, either in kind or for cash reimbursement, benefits that are extravagant or excessive in nature.

(4) If non-US Government sources furnish Air Force personnel accommodations, subsistence, or services in kind according to c above, appropriate deductions must be reported and made in the travel, per diem, or other allowances payable.

d. Gratuity Disposition. After the effective date of this regulation, Air Force personnel who receive gratuities, or have gratuities received for them in circumstances that do not conform with this attachment, must promptly report the circumstances to the proper Standards of Conduct Counselor or Deputy Counselor for determining disposition.

make the decision whether a conflicting interest, no matter how insignificant, is or is not sufficient to influence one's own judgment. This decision is the responsibility of and must be made by an official as set out in paragraph 15d.

d. Reports concerning status of Statements of Affiliations and Financial Interests (DD Form 1555) must be submitted no later than 30 November of each year. Each Air Force major commander must notify HQ USAF/JACM, Wash DC that all required statements and annual statements have been filed, reviewed, and any problems resolved or explain the details of outstanding cases.

14. Reporting Suspected Violations. Air Force personnel who have cause to believe that other DOD personnel have violated a statute or standard of conduct imposed by this regulation should first bring the matter to their attention. If such persons are supervisors, or the communication is not expected to remedy or does not appear to have remedied the problem, the matter must be discussed with the proper Standards of Conduct Counselor or Deputy Counselor. If appropriate the matter will then be reported according to AFR 124-8.

SECTION B—CONFLICT OF INTEREST LAWS

15. Full-Time Officers and Employees:

a. **Definition.** The term "full-time officer or employee" includes all civilian officers and employees, and all military officers on active duty, except those who are "special Government employees" (see paragraph 16). It does not include enlisted personnel.

b. **Prohibitions.** In general, a full-time officer or employee is subject to the following major prohibitions: (See attachment 3.)

(1) They may not, except in discharging their official duties, represent anyone else before a court or Government agency in a matter in which the United States is a party or has an interest. This prohibition applies both to paid and unpaid representation of another (see 18 U.S.C. 203 and 205).

(2) They may not receive any salary, or supplementation of their Government salary, from a private source as pay for their services to the Government (see 18 U.S.C. 209).

(3) They may not take part (see note) in their governmental capacity in any matter in which they, their spouse, minor child, outside business associate, or person with whom they are negotiating for employment has a financial interest (see 18 U.S.C. 208). Instead of taking part in such a matter, they must disqualify themselves at once according to d below, except as provided in c below.
NOTE: A person may take part through decision,

approval, disapproval, recommendation, giving advice, investigation, or otherwise.

c. **Nondisqualifying Financial Interest.** Officers or employees need not disqualify themselves under b(3) above, if the financial holdings are in shares of a widely held diversified mutual fund or regulated investment company. The indirect interests in business entities of these financial holdings come from ownership by the fund or investment company of stocks in business entities. They are hereby exempted from the requirements of 18 U.S.C. 208 (a), as set out in 18 U.S.C. 208(b)(2), as too remote or inconsequential to affect the integrity of the Government officers' or employees' services.

d. Disqualification:

(1) Unless otherwise expressly authorized by action taken under 18 U.S.C. 208, all Air Force personnel who have affiliations or financial interests which create conflicts (or appearances of conflicts) of interest with their official duties must disqualify themselves from any official activities that are related to those affiliations, interests, or the entities involved. A formal disqualification notice must be sent to an individual's superior and immediate subordinates if it appears reasonably possible that the individual's official duties will affect those affiliations, interests, or entities. If individuals cannot adequately perform official duties after such disqualification, they must divest themselves of such involvement or be removed from those positions.

(2) For exemptions under 18 U.S.C. 208b(1) the "official responsible for the appointment" must be the immediate superior of the individual concerned who is serving in the grade of Colonel or above, GS-15 or above, or such other superior who is a full-time US Government officer or employee serving in the grade of Colonel, GS-15, or higher. All cases that involve determinations under 18 U.S.C. 208b(1) must be coordinated with the appropriate Standards of Conduct Counselor or Deputy Counselor.

(3) In addition, if a superior thinks that a subordinate employee may have a disqualifying interest, the superior must discuss the matter with that person and if the superior finds such an interest does exist, the superior must relieve the person of duty and responsibility in the particular matter or take other appropriate action to resolve the conflict. (See attachment 5.)

16. Special Government Employees:

a. **Definition.** The term "special Government employee" includes an officer or employee who is retained, designated, appointed, or employed to perform (with or without pay) for not more than 130 days during any period of 365 consecutive days, temporary duties, either on a full-time or intermit-

POST EMPLOYMENT PROHIBITIONS
 18 U.S.C. 207
 AS AMENDED BY P.L. 95-521
 (THE ETHICS IN GOVERNMENT ACT OF 1978)
 AND P.L. 96-28

If you were	in your subsequent employment	from	to or before	in connection with	which
1. A Government employee (including a special Government employee) or military officer	you are barred for life	acting as agent or attorney or representing any other person in any formal or informal appearance or with intent to influence, making any oral or written communication	any Government department, agency, court or court-martial or any officer or employee thereof	any particular matter involving specific parties	you participated in for the Government personally and substantially
2. A Government employee (including a special Government employee) or military officer	you are barred for two years	acting as agent or attorney or representing any other person in any formal or informal appearance or with intent to influence, making any oral or written communication	any Government department, agency, court or court-martial or any officer or employee thereof	any particular matter involving specific parties	was pending under your official responsibility in your last year of Government employment

If you were	in your subsequent employment	from	to or before	in connection with	which
4. (a) A statutory appointee, (b) a military officer O-9 or above, or (c) a military officer O-7 or O-8 or a civilian in a GS-17 or above position or an SES position, who has significant decision-making or supervisory responsibility, as designated by the Office of Government Ethics.	you are barred for one year	acting as agent or attorney or otherwise representing anyone in any formal or informal appearance before or with the intent to influence making any oral or written communication	the agency in which you served (military departments are separate agencies)	any rule-making or any particular matter	is pending before your agency or in which your agency has a direct and substantial interest

EXCEPTIONS:

1. The prohibitions do not apply to making communications solely for the purpose of furnishing scientific or technological information.
2. The prohibitions do not apply if the agency head, in consultation with the Office of Government Ethics, certifies that the former employee or officer has outstanding qualifications in a scientific, technological or other technical discipline and that the national interest would be served by participation in the particular matter.
3. The prohibition in paragraph 4 does not apply to appearances, communications, or representation by former employees who are elected State or local Government officials or whose principal occupation or employment is with a State or local Government agency or instrumentality, an accredited, degree-granting institution of higher education, or a hospital or medical research organization.

HATCH ACT

Permissible Activities

- . You have the right to register and vote as you choose in any election. Political activity restrictions do not relieve Federal employees of their obligation as citizens to inform themselves of the issues and to register and vote. Employees are urged to vote by being granted leave under certain circumstances to register or vote.
- . You have the right to express your opinions as an individual, privately and publicly, on all political subjects and candidates as long as you don't take an active part in partisan political management or partisan political campaigns.
- . You may wear a political badge or button or display a political sticker on your private automobile, subject to work-related limitations.
- . You may make a voluntary campaign contribution to a political party or organization.
- . You may accept appointment to public office, provided service in the office will not conflict or interfere with the efficient discharge of your Federal duties.
- . You may participate in a non-partisan election either as a candidate or in support of (or in opposition to) a candidate, and you may, if elected, serve in the office if such service will not conflict or interfere with your Federal duties.
- . You may serve as an election clerk or judge, or in a similar position, to perform non-partisan duties as prescribed by state or local law.
- . You may be politically active in connection with an issue not specifically identified with a political party, such as a constitutional amendment, referendum, approval of a municipal ordinance, or similar issue.
- . You may participate in the non-partisan activities of a civic, community, social, labor, professional, or similar organization.
- . You may be a member of a political party or other political organization and attend meetings and vote on issues, but you may not take an active part in managing the organization.
- . You may attend a political convention, rally, fund-raising function, or other political gathering, but you may not take an active part in conducting or managing such gatherings.
- . You may sign petitions, including nominating petitions, but may not initiate them or canvass for signatures, if they are nominating petitions for candidates in partisan elections.
- . You may petition Congress or any Member of Congress, such as by writing to your Representatives and Senators to say how you think they should vote on a particular issue.

Prohibited Activities

The general prohibitions on Federal employees are that they may not use their official authority or influence to interfere with or affect the result of an election, and that they may not take an active part in partisan political management or in partisan political campaigns. Additional specific prohibited activities are:

- . You may not be a candidate for nomination or election to a national or state office.
- . You may not become a partisan candidate for nomination or election to public office.
- . You may not campaign for or against a political party or candidate in a partisan election for public office or political party office.
- . You may not serve as an officer of a political party, a member of a national, state or local committee of a political party, an officer or member of a committee of a partisan political club, or be a candidate for any of these positions.
- . You may not participate in the organizing or reorganizing of a political party, organization or club.
- . You may not solicit, receive, collect, handle, disburse, or account for assessments, contributions, or other funds for a partisan political purpose or in connection with a partisan election.
- . Federal criminal statutes impose restrictions concerning contributions in connection with elections for Federal office. Specifically, you may not solicit political contributions from other Federal employees and no person may solicit or receive political contributions in buildings where Federal employees work. Also, one of these criminal statutes restricts your ability to make political contributions to other Federal employees. You should contact the Office of Special Counsel at 1717 H Street, N.W., Washington, D.C. 20419; (202) 653-7140), for advice if you have any questions concerning the requirements of these laws.
- . You may not sell tickets for or otherwise actively promote such activities as political dinners.
- . You may not take an active part in managing the political campaign of a candidate, in a partisan election for public office or political party office.
- . You may not work at the polls on behalf of a partisan candidate or political party by acting as a checker, challenger, or watcher, or in a similar partisan position.

PERSONAL ENTITLEMENTS/OBLIGATIONS

Personnel Benefits

Pay

Presidential appointees are paid at the following salary rates:

Level I	\$69,630.00
II	60,662.50
III	55,387.50
IV	52,750.00
V	50,112.50

Checks are issued semi-monthly to the Secretary and bi-weekly to all others. Form W-4 designating the number of dependents is executed at the time of appointment and tax is deducted from the bi-weekly pay check.

Health Benefits

The cost of the Health Benefits Program (there are 40 different plans, not all of which are available in this area) is shared by both the Government and the Federal employee. The five most popular plans in this area are the Service Benefit Plan (Blue Cross - Blue Shield), the Indemnity Benefit Plan (Aetna), Group Health Association, and the George Washington and Georgetown University Plans. Although these are the five most popular plans, there are others available. For example, Montgomery County Maryland and Columbia, Maryland each have specialized health care plans, however, the Government contributes no more than 75% of the total cost of any type of enrollment. Information on all health care plans can be obtained from the office of the administrative assistant.

<u>Government-Wide Plans</u>	<u>Enrollment Code</u>	<u>Type of Enrollment</u>	<u>In 1981 Employee Pays*</u>
Service Benefit Plan (Blue Cross- Blue Shield)	101	Self Only-High Option	\$14.84
	102	Self & Family-High Option	30.52
	104	Self Only-Low Option	2.46
	105	Self & Family-Low Option	7.14
Indemnity Benefit Plan (Aetna)	201	Self Only-High Option	10.17
	202	Self & Family-High Option	15.11
	204	Self Only-Low Option	3.20
	205	Self & Family-Low Option	7.56

*Biweekly Rate

<u>Comprehensive Plans</u>	<u>Enrollment Code</u>	<u>Type of Enrollment</u>	<u>In 1981 Employee Pays</u>
George Washington University Health Plan	E51	Self Only-High Option	\$12.00
	E52	Self & Family-High Option	34.65
Georgetown University Community Health Plan	E31	Self Only-High Option	11.76
	E32	Self & Family-High Option	32.44
Group Health Association	501	Self Only-High Option	13.80
	502	Self & Family-High Option	38.27
	504	Self Only-Low Option	5.48
	505	Self & Family-Low Option	19.94

An employee's enrollment continues without change upon retirement on an immediate annuity after 5 or more years of service, or for disability, provided that any of the following conditions are met:

a. The employer has been enrolled in a Health Benefits Plan for the full period of service beginning with his first opportunity to enroll and the date of retirement, or

b. At the time of retirement the employee has been enrolled in a Health Benefits Plan for at least 5 years of service immediately preceding retirement. Employee contributions are deducted from the retirement annuity. The retiring employee who does not qualify will have a temporary 31-days extension of coverage without cost. The employee may then convert to a direct payment plan with the carrier, or

c. The employee must have been enrolled continuously for the full period or periods of service beginning with the enrollment which became effective no later than 31 December 1964.

Leave — Sick Leave

Annual Leave. Statutory appointees are permitted to take leave from their duties, without limitation, subject to the approval of their agency head.

Individuals serving in Schedule C or SES positions earn annual leave in the same manner and at the same rates as General Schedule employees. The amount of leave earned is dependent upon the length of service as shown in the following schedule:

<u>Creditable Service</u>	<u>Accrual per Year</u>
Less than 3 years of service	13 days
3 to 15 years of service	20 days
15 years or more of service	26 days

The optional insurance is in only one amount - \$10,000 and is only available by election within 31 days from the date of appointment. The cost for this insurance, borne entirely by the employee, is based on age as shown in the following table:

<u>Age Group</u>	<u>Biweekly Premium</u>
Under 35	.60
35-39	1.00
40-44	1.70
45-49	2.40
50-54	3.50
55-59	7.50
60 and Over	9.00

Both the regular and optional insurance are payable, upon death, in the following order: (1) your widow or widower; (2) if no widow or widower, your children; (3) if no children, your parents; (4) if no parents, your estate; (5) if no estate, your next of kin. If you wish it paid in some other way, you may designate one or more beneficiaries. In the case of accidental death, a double indemnity benefit is payable. Dismemberment benefits are payable directly to the employee.

If you leave the Government service, you can convert both the regular and optional life insurance to an individual policy without medical examination or other evidence of good health.

Both the regular and optional life insurance may be continued after you retire on immediate annuity, either for disability or after 5 years or more of service, at least 5 of which are civilian. The regular life insurance is continued free, but you must pay for the optional life insurance until age 65 if you retire before that age. When you are both 65 and retired, the optional life insurance is also free.

Employee Compensation

Under the provisions of the United States Employees Compensation Act of September 1, 1916 as amended, the appointee and members of his/her family are entitled to certain benefits in case of injury or death in the performance of official duties. The benefits include disability, disfigurement, dependents benefits, medical services and supplies, vocational rehabilitation and burial expenses, etc.

PERSONAL ENTITLEMENTS/OBLIGATIONS

Official Travel

Initial Travel and Transportation Expenses

Under 5 U.S.C. § 5723, appropriated funds may be used to pay the "travel expenses of a new appointee ... and transportation expenses of his immediate family and his household goods and personal effects ..." if the appointment is to a position "which the Office of Personnel Management determines there is a manpower shortage or ..." in "the Senior Executive Service ..."

The definition of a "Senior Executive Service Position" under 5 U.S.C. § 3132 excludes positions "required to be filled by an appointment by the President with the advice and consent of the Senate ..." Thus, Presidential appointee's do not qualify for payment of transportation expenses under the provision authorizing payment of such expenses to new appointees in the Senior Executive Service.

The Office of Personnel Management has implemented the statutory provision regarding manpower shortage positions in Chapter 571 of the Federal Personnel Manual. In Appendix A of that Chapter, which lists the positions for which a manpower shortage exists, the OPM has determined that:

"No position filled by Presidential appointment is considered to be included in the manpower shortage category."

Since OPM has the statutory authority to make that determination, and in view of this unequivocal statement, it is concluded that appropriated funds may not be used to pay for the travel and transportation expenses of a Presidential appointee to his/her initial duty station.

Travel Orders and Reimbursement

Blanket Travel Orders will be issued to authorize official travel to such places, at such times, and for such purposes as the statutory appointee may determine appropriate. Reimbursement for expenses will be authorized at the standard \$50.00 per diem rate for all points in the continental United States, except designated high cost areas in which the per diem rates range from \$54.00 to \$75.00. However, when necessary expenses exceed the per diem rate, you may be reimbursed for actual expenses not to exceed \$75.00 per day. The highest applicable rate will be authorized in your blanket travel orders to facilitate payment for official travel within the continental limits of the United States, excluding Alaska (for which specific area rates are authorized). Specific per diem rates are applicable for each foreign country or area.

Accompanying Spouse

It is the policy of the Department of Defense that spouses will not be authorized military air transportation except when traveling with their sponsors and only when there is an unquestionable official requirement for such travel. Eligibility is normally limited to the spouses of presidential appointees. Prior approval of the Secretary is required on an individual basis and should be requested through the Administrative Assistant.

Travel of Other Dependents

When military air transportation provides the only effective means to respond to a personal or medical emergency, or when an eligible official is out of town on personal business and is directed to return, dependents may be authorized travel if commercial accommodations are not readily available. This requires a waiver to policy which must be approved by the Secretary or Deputy Secretary of Defense. The value of the dependent's travel must be reimbursed.

In exercising this policy we must recognize the austerity of the DOD budget and other resources and the need to avoid any action which could be viewed as inconsistent with this austerity and our obligations to the Congress and the American people.

First Class Travel

In accordance with the Federal Travel Regulations, authority to approve first class air travel has been delegated to the Secretary of the Air Force. This authority has not been further redelegated.

It is the policy of the Government that employees who use commercial air carriers inside or outside the continental United States for official travel will use less-than-first-class accommodations. Only limited exceptions to this policy will be permitted.

Authorization for the use of first-class air accommodations shall be made in advance of the actual travel unless extenuating circumstances or emergency situations make advance authorization impossible. If advance authorization cannot be obtained, the employee shall obtain written approval from the Secretary at the earliest possible time.

The Secretary may authorize or approve the use of first-class air accommodations when:

1. space is not available in less-than-first-class accommodations on any scheduled flights in time to accomplish the purpose of the official travel, which is so urgent that it cannot be postponed;
2. first-class accommodations are necessary because the employee is so handicapped or otherwise physically impaired that other accommodations cannot be used, and such condition is substantiated by competent medical authority;

3. first-class accommodations are required for security purposes or because exceptional circumstances, as determined by the Secretary, make their use essential to the successful performance of an agency mission;

4. less-than-first-class accommodations on foreign carriers do not provide adequate sanitation or health standards;

5. the case concerned qualifies under such other criteria as may be established by the Secretary;

6. The use of first-class accommodations would result in an overall savings to the Government based on economic considerations, such as the avoidance of additional subsistence costs, overtime, or lost productive time that would be incurred while waiting availability of less-than-first-class accommodations.

Requests for the use of first-class air travel are made through the Administrative Assistant to the Secretary.

Foreign Travel

Official foreign travel requires passports, visas, immunization shots, and other special arrangements. The office of the Assistant Secretary of Defense (International Security Affairs) must be notified in writing of any anticipated foreign travel that will involve contacts or meetings with foreign government officials at any level or that may require briefings or logistical support by United States embassy or consular personnel, and/or travel into special areas designated by the Department of State. This written notification will be made as much in advance of the foreign travel as possible. No formal arrangements with respect to such trips may be made with officials of foreign governments prior to coordination with State Department officials in the area to be visited, or the Assistant Secretary of Defense (International Security Affairs) has been notified, as specified above, and has authorized such arrangements.

Statutory appointees anticipating official foreign travel should obtain a passport as soon as possible after notification of their appointment. No-fee official passports are issued to appointees and their dependents when authorized to accompany or join their sponsor. No-fee passports may not be used for personal travel from the United States to foreign countries. Visa requirements and processing time vary for each nation and in many cases within a nation according to whether travel is for official, diplomatic or personal reasons and length of stay.

Special Air Mission/Military Aircraft

When regularly scheduled commercial flights are not available or will not suffice, military airlift from Special Air Mission or Military Airlift Command resources can be scheduled through the Air Operations Office of Legislative Liaison. However, it must also be shown that the military airlift is cost effective, essential for the accomplishment of a specific mission such as a required inspection trip, or a trip involving the transportation of a large group of official personnel.

PERSONAL ENTITLEMENTS/OBLIGATIONS

Special Entitlements

Official Vehicles

The Secretary of the Air Force is authorized full-time use of an official car and chauffeur. This vehicle may not be used for other than the actual performance of official duties which include transportation between the place of residence and place of employment, and attendance at official functions. Full-time use of an official vehicle does not include use of the vehicle by the official concerned, members of his family, or others, for private business or personal social engagements. It is best to resolve questions regarding the official nature of a particular use in favor of strict compliance with the restrictions against such use in the statute.

Medium sedans are provided for the Secretary and Deputy Secretary of Defense and the Secretaries of the military departments on a contract rental basis.

An Executive Motor Pool managed by the Office of the Secretary of Defense provides official transportation for the Under Secretary and the Assistant Secretaries between the hours of 0700 and 1930. When determined to be in the best interest of the Government, on a case by case basis, transportation may be provided these officials between domicile and office as well as to and from official functions where a principal's attendance is a requirement of his position. Transportation to and from office or domicile and air terminals will also be furnished upon request although use of commercial taxis with full reimbursement is encouraged.

Dining Facilities

All statutory officials are accorded special dining privileges in the Air Force Executive Dining Room. Your letter of invitation will explain billing arrangements, times of service, etc.

Medical Care for a Statutory Official

Outpatient Care, including immunization, physical examination, and drugs, can be provided at the Air Force Flight Medicine Clinic on the fourth floor of the Pentagon (Room 4A-750), or at any military facility when traveling. On-duty emergencies: Flight Medicine Clinic, Room 4A-750, phone 69-59283. Off-duty emergencies: Andrews AFB Malcolm Grow Hospital, phone 981-2158/981-5614.

Hospitalization can be provided at Andrews AFB or, when traveling, at any military facility worldwide on a paid basis.

Dental Care is available on an emergency basis when in an official travel status.

Charges vary, depending upon the services provided and are adjusted from time to time, based upon average costs of providing care in Federal facilities.

Currently, these charges range from \$28 per day outpatient care to \$285 per day for hospitalization.

The designation of a physician as a personal medical advisor may be arranged, if desired.

The medical care provided by the Air Force is available only for the statutory official, and cannot be extended to members of the family. However, members of the family can be covered by the various health benefits plans which are partially subsidized by the Government. Additionally, when wives of statutory officials are in an official travel status accompanying their husband overseas, they may obtain required immunizations at the Flight Medicine Clinic, Room 4A-750, from Monday thru Friday, between the hours of 1200-1300, (Phone: 69-59283). They are also entitled to emergency medical and dental care on a reimbursable basis while they are traveling on official business.

Officers Clubs

The Secretary of the Air Force, Under Secretary, and all Assistant Secretaries of the Air Force are eligible for honorary membership in the Bolling AFB Officers Club. Honorary members are not assessed any initiation fee or monthly dues. All members are billed monthly for food and beverages.

Appointees interested in membership should advise the Administrative Assistant so that an application may be initiated.

Pentagon Officers Athletic Center

Statutory officials may become members of the Pentagon Officers Athletic Center immediately upon approval of the applications by the Board of Governors. The initiation fee is \$10.00 and annual dues are \$108.00 payable in October of each year (members joining after October are assessed pro rata annual dues payable at the time membership is extended). The club provides facilities for squash, handball, badminton, boxing, bowling, masseurs, rowing machines and other conditioning equipment for girth control. Other club facilities include gym lockers, showers (with towel service), indoor swimming pool, indoor golf driving range, a barber shop (offering appointments), and a limited dining room serving breakfast and lunch. The club also provides suggestions for measured jogging routes.

The Center is open daily including weekend and holidays. However, the weekend and holiday hours of operation are normally on a reduced basis. Except for a snack bar on Saturdays, there is no dining service on weekends or holidays.

The Administrative Assistant will arrange membership for appointees who so desire.

The Army Navy Country Club

The Army Navy Country Club is a private club with two locations in the National Capital Region. One location is the Arlington, bounded by Glebe Road and Interstate 95, and only a short distance from the Pentagon. This location features complete club house facilities, 19 tennis courts, a 27-hole golf course,

golf shop, tennis shop, and swimming complex. The club's other location is in Fairfax City several miles from the Pentagon. It features limited club house facilities, snack bar, swimming pools, 18 holes of golf and golf shop. The club does not extend full honorary membership to statutory or other officials of the Federal Government. However, the Secretary and all other statutory officials of the Air Force may submit a letter of request for membership (with biography) to the Membership Committee. If vacancies are available, statutory officials will not have to pay the initiation fee normally charged new members but will be required to pay monthly dues of \$95.00 (one and one-quarter (1-1/4) times regular membership dues of \$76.00).

Request for membership should be made through the Administrative Assistant.

PERSONAL ENTITLEMENTS/OBLIGATIONS

Miscellaneous

Decorations and Gifts from Foreign Governments

DOD Policy requires that no employee shall request or otherwise encourage a gift or decoration. Specific guidance on this policy is provided by DOD Directive 1005.3 (attached) and should be reviewed by all presidential appointees.

Disposition of Personal Papers and Official Records

Personal papers are those pertaining solely to an individual's private affairs. Correspondence designated "personal," "confidential," or "private," etc., but relevant to the conduct of public business, is nonetheless an official record subject to the provisions of Federal law pertinent to the maintenance and disposal of such records. Official records are public records and belong to the office, rather than to the officer.

Personnel shall maintain separately from official documents those papers of a private or unofficial nature, which pertain only to their personal affairs, and clearly designate them as nonofficial. Official business mentioned in personal correspondence should be extracted and made a part of the official record.

Presidential appointees and other officials in policy-making positions are encouraged to donate official personal papers, which they created during their tenure in office, to a Presidential Library or National Archives and Records Service for historical retention. The donor may have regular access to these documents.

Removal of Documents by Officials

Documents which MAY NOT be Removed

- (1) The official record copy of any document.
- (2) Any classified document.
- (3) Any copy of a document containing the following types of information exempt from public release under the Freedom of Information Act (sometimes stamped "For Official Use Only.")
 - (a) Any document containing "restricted data" under the Atomic Energy Act.
 - (b) Records containing information from personal, medical and similar files which relate to the personal privacy of individuals.

- (c) Records containing trade secrets and other commercial or financial information of a "company propriety" nature.
- (d) Records containing information developed in the course of investigations for purposes of civil or criminal law enforcement.

Documents which MAY be Removed

- (1) All personal and private papers which do not contain references to official business.
- (2) Reference books and other personal items brought from private life.
- (3) Papers, typed or written, which relate to official business but are not official records, including diaries, logs, and memoranda of personal telephone calls.
- (4) Extra copies of paper documenting activities while in office unless they contain classified information or information otherwise exempt from public release under the Freedom of Information Act.

Office Furnishings

When entering on duty with the Department of the Air Force, statutory officials are provided with a flag identifying personal rank in their office and a flag of the national colors. These flags may be retained at the discretion of the appointee.

The Air Force art collection includes a wide variety of paintings and other art work that is available for display in Pentagon offices. Pictures may be obtained from this collection which reflect the personal taste of each appointee. They may not be retained.

Framing of individual certificates may be arranged by the Office of the Administrative Assistant. Standard frame material is available.

Cleaning or replacement of draperies may be requested from the Administrative Assistant as appropriate. Assistance is also available for obtaining labor pool support in rearranging furniture.

In the main, standard GSA furniture is used in the Air Force. The Administrative Assistant's office can help you review your furniture needs and obtain additional pieces or remove surplus furniture.

Parking

A numbered parking space is made available at the Pentagon River entrance for each Air Force statutory official.

A parking pass must be obtained through the Office of the Administrative Assistant and displayed when using this parking space. In

addition, a monthly parking sticker must be purchased and fixed to your parking pass. (Currently, there is a \$10.00 fee for the parking sticker, and this fee will be increased in October 1981). Your secretary can fill out the necessary form for the parking sticker and purchase it on the Pentagon concourse.

Commissaries and Post Exchanges

Statutory officials are not authorized to use commissaries, base theaters and filling stations or other exchange activities and services in the CONUS. Military personnel and military dependents who are entitled to such privileges are forbidden to make purchases for others and should not be requested to do so. Overseas, in an official travel status, exchange, commissary and theater privileges are extended to civilian employees. All civilian employees in official travel status are entitled to limited post exchange privileges (cigarettes, toiletries, etc.) while occupying Government quarters on military installation.

Confirmation Of Statutory Appointees

The Senate Committee on Armed Services has jurisdiction in the consideration of appointments in the Defense establishment. The following procedures have been in effect in the past, but are subject to change by the newly constituted Committee. The Committee Standing Orders provide:

"That unless otherwise ordered by the Committee, nominations referred to the Committee shall be held for at least seven (7) days before presentation in a meeting for action. Upon reference of nominations to the Committee, copies of the nomination references shall be furnished each member of the Committee."

Biographies. A nominee is required to submit a biographical sketch to the Committee prior to his personal appearance preparatory to confirmation. This information is helpful to the Committee Members in addressing questions during the "personal appearance" of the nominee. The background sketch of the nominee has, in recent years, been prepared either by the SAFLL Project Officer based upon information provided by the nominee or by SAFAA. In either case, the biography should be approved personally by the nominee before it is delivered by the SAFLL Project Officer to the Senate Armed Services Committee (50 copies).

Financial Statement. The Senate Armed Services Committee has always explored with thoroughness a nominee's private interests which might disqualify an individual from serving as an officer of the Defense Establishment. Such interests are usually of a pecuniary character, such as the possession of capital stock or other equity in business enterprises which have business dealings with the Government and particularly contracts with the Department of Defense. Accordingly, in addition to the biography, the nominee submits to the Committee in

advance of his appearance a letter concerning his financial holdings and his affiliations which he prepares after consultation with the General Counsel of the Air Force. Nominees must also submit a Standard Form 278, "Financial Disclosure Report," required by the Ethics in Government Act. If it appears to the General Counsel that the nominee has stock holdings or other interests which might serve as a cause for disqualification, arrangements are made by SAFLI with the Chief Counsel of the Armed Services Committee, if necessary, for the General Counsel to discuss the problem with a view to making arrangements satisfactory to the Committee. In most cases the nominee divests himself of any stock which might serve as the basis of a "conflict of interest" charge; but this is not always required. In addition, nominees must completely sever their relationship with their current employer and must have no re-employment rights or other arrangements for future employment.

Appearance of Nominee. The Committee Chairman establishes a date for a "personal appearance" by the nominee during which qualifications, background, experience, personal finances, and affiliations with private enterprise are thoroughly explored. Thursday is usually the day of the week designated for such appearances. The two Senators from the home state of the nominee may be present and introduce the nominee to the Committee, although this is not required. A stenographer is present, and all statements of the Committee members and the nominee are recorded. Customarily the Committee votes on nominations in executive session. The record is printed and available to members of the Senate. At the conclusion of the appearance of the nominee before the Committee, the name is reported to the Senate for confirmation or rejection.

Interrogation by Committee Members. Often the personal appearance before the Committee begins with a brief information statement by the nominee but a statement is not required. The appearance of the nominee is designed primarily to afford the interested Committee members an opportunity to question the nominee on matters of interest. In this connection, it is appropriate to note that during the interrogation of a former Secretary of Defense the Chairman remarked as follows:

"I would simply like to add, that the Chair hopes that you will take any questions that may be asked of you in the spirit in which they are asked; that is; in the interest of the whole Government of the United States and of every citizen. With respect to any questions that may be asked that might be considered by some to be somewhat personal, the Chair hopes that you will consider them perfectly impersonal and that they are asked because we are all here to serve the Government of the United States and serve our country and that they are asked because we want to be as certain as we can that every citizen no matter how distinguished who volunteers to serve his country can serve it to the best possible advantage. The Chair hopes that you will make any statements in that spirit and answer any questions in that spirit and not as though those questions were directed to you as a citizen and as an individual."

When the nomination comes before the Senate in the regular course of business, the nominee is discussed at the conclusion of which a roll call is taken, and the nominee is either confirmed or rejected. The yeas and the nays are counted, and the result is announced on the floor.

Senate Confirmation and Presidential Commission After confirmation of the nominee, a Certificate of Confirmation is issued by the Senate. The Senate confirmation is followed by issuance of a Presidential Commission. The Presidential Commission, when signed, is received by the Office of the Deputy Assistant Secretary (Administration), Office of the Assistant Secretary of Defense (Controller), which immediately transmits the Commission to the Administrative Assistant to the Secretary of the Air Force.

ASSISTANT SECRETARY OF DEFENSE COMPTROLLER

The attached documents represent all of the issue papers prepared by the ASD(C) for the Reagan Transition team. Nothing has been omitted or deleted from the documents.

ASSISTANT SECRETARY OF DEFENSE
COMPTROLLER

PURPOSE

- . THIS BOOK PROVIDES INFORMATION CONCERNING CERTAIN KEY ASPECTS OF THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER).
- . THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER) IS A STATUTORY POSITION ESTABLISHED PURSUANT TO TITLE 10, UNITED STATES CODE, SECTION 136. HE IS THE PRINCIPAL STAFF ASSISTANT TO THE SECRETARY OF DEFENSE FOR PROGRAMMING, BUDGETING, AUDITING, ACCOUNTING, AND OTHER FISCAL FUNCTIONS; FOR ALL MATTERS PERTAINING TO ORGANIZATION, MANAGEMENT, AND ADMINISTRATION. HE ALSO PROVIDES POLICY SUPERVISION FOR THE DEFENSE CONTRACT AUDIT AGENCY AND THE DEFENSE AUDIT SERVICE.
- . THE COMPTROLLER HAS BEEN ONE OF THE MORE STABLE FUNCTIONS WITHIN THE DEPARTMENT WITH JUST 8 INDIVIDUALS OCCUPYING THE POSITION FROM THE PERIOD 1948 THROUGH 1980.

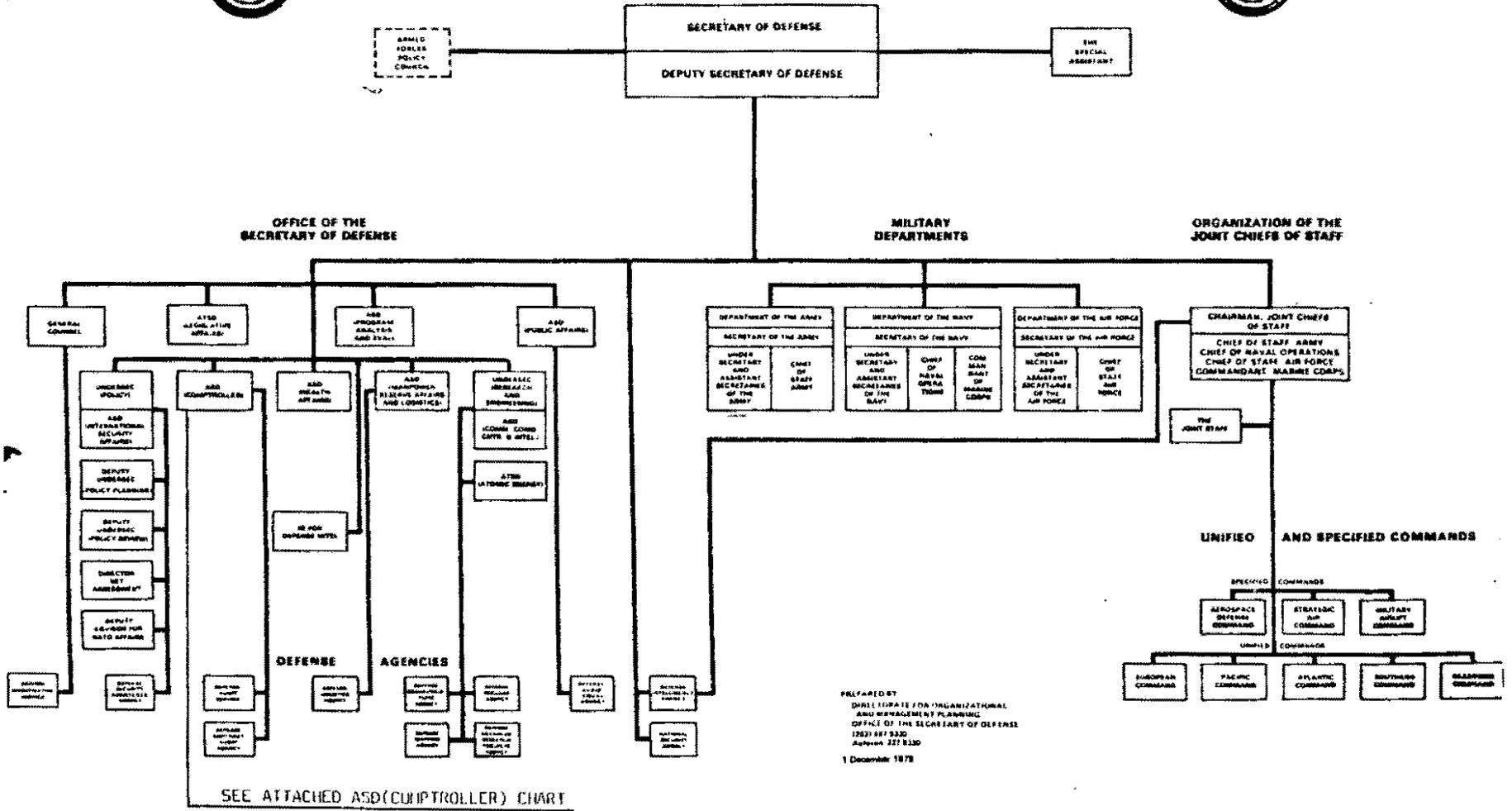
ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

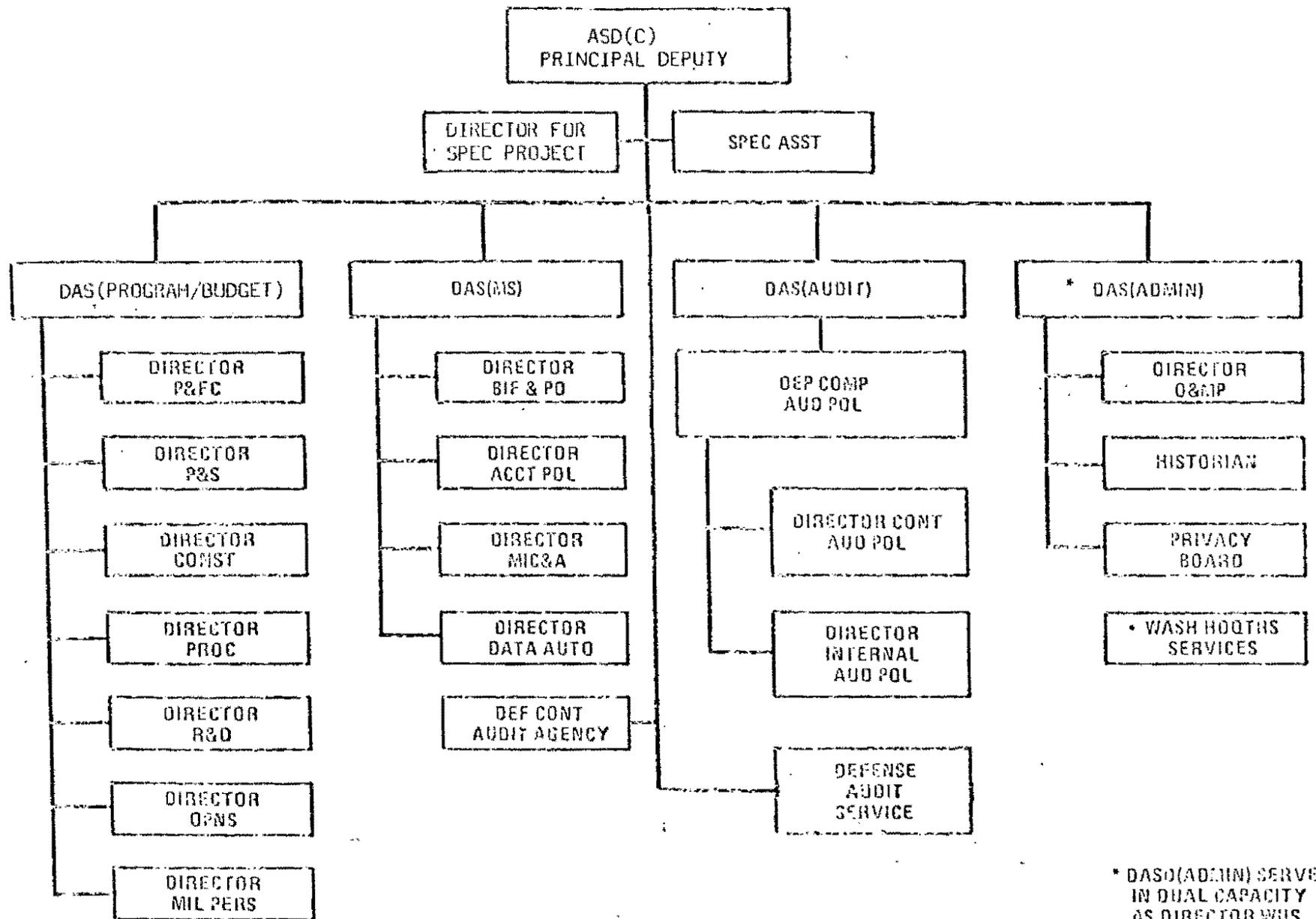
TABLE OF CONTENTS

- A. DoD Organization, Chart
- B. Personnel Summary
- C. Functions and Responsibilities
 - 1. Mission and Charter
 - 2. DoD Planning, Programming, and Budgeting Cycle
 - 3. Congressional Budget Process
 - 4. Appropriations Structure
 - 5. Budget Execution Flexibilities
- D. Organization
 - Capsule Summaries:
 - 1. DASD (Program/Budget)
 - 2. DASD (Management Systems)
 - 3. DASD (Audit) / Defense Audit Service
 - 4. DASD (Administration)
 - 5. Defense Contract Audit Agency (DCAA)



DEPARTMENT OF DEFENSE





* DASO(ADMIN) SERVES
IN DUAL CAPACITY
AS DIRECTOR WHIS

SUMMARY OF AUTHORIZED PERSONNEL

	<u>CIVILIAN</u>		<u>MILITARY</u>		<u>TOTAL</u>
	<u>P</u>	<u>C</u>	<u>P</u>	<u>C</u>	
ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)	5	5	5	1	16
PRINCIPAL DEPUTY ASSISTANT SECRETARY	1	1			2
DEPUTY ASSISTANT SECRETARY (PROGRAM/BUDGET)	59	16			75
DEPUTY ASSISTANT SECRETARY (MANAGEMENT SYSTEMS)	51	14			65
DEPUTY ASSISTANT SECRETARY (AUDIT)	<u>12</u>	<u>3</u>	<u>1</u>	<u>-</u>	<u>16</u>
SUBTOTAL	128	39	6	1	174
DEPUTY ASSISTANT SECRETARY (ADMINISTRATION)	<u>14</u>	<u>5</u>	<u>3</u>	<u>1</u>	<u>23</u>
TOTAL	142	44	9	2	197

Defense Contract Audit Agency authorized personnel - 3,575

Defense Audit Service authorized personnel - 403

Washington Headquarters Service authorized personnel - 406

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
(COMPTROLLER)

PERSONNEL SUMMARY

<u>GRADE/RANK</u>	<u>IMMED.</u> <u>OFFICE</u>	<u>PRIN.</u> <u>DEP.</u>	<u>DASD</u> <u>(P/B)</u>	<u>DASD</u> <u>(MS)</u>	<u>DASD</u> <u>(AUDIT)</u>	<u>DASD</u> <u>(ADMIN)</u>	<u>TOTAL</u>
LEVEL IV	1						1
ES-5		1					1
ES-4	2		12	7	2	4	27
ES-2				1			1
ES-1			1				1
GS-15			39	21	9	6	75
GS-14			2	9		1	12
GS-13	1		5	5			11
GS-12				1			1
GS-11						2	2
GS-9	2	1			1		4
GS-1-8	2		16	14	2	5	39
TOTAL	<u>8</u>	<u>2</u>	<u>75</u>	<u>58</u>	<u>14</u>	<u>18</u>	<u>175</u>
0-6						2	2
0-5	1					1	2
0-4	2			1	1		4
TOTAL	<u>3</u>			<u>1</u>	<u>1</u>	<u>3</u>	<u>8</u>
E-7						1	1
E-3	1						1
TOTAL	<u>1</u>					<u>1</u>	<u>2</u>
GRAND TOTAL	<u>12</u>	<u>2</u>	<u>75</u>	<u>59</u>	<u>15</u>	<u>22</u>	<u>185</u>

The difference between the total of 197 on the Summary of Authorized Personnel and the 185 on this sheet (Personnel Summary) is authorized spaces not filled.

Office of the Assistant Secretary of Defense
(Comptroller)

Mission

Title 10, United States Code, Section 136 specifies the Comptroller's responsibilities as follows:

"§ 136. Assistant Secretaries of Defense: appointment; powers and duties; precedence

(a) There are nine Assistant Secretaries of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate.

(b) The Assistant Secretaries shall perform such duties and exercise such powers as the Secretary of Defense may prescribe. One of the Assistant Secretaries shall be the Assistant Secretary of Defense for Health Affairs. He shall have as his principal duty the overall supervision of health affairs of the Department of Defense. One of the Assistant Secretaries shall be the Assistant Secretary of Defense for Manpower and Reserve Affairs. He shall have as his principal duty the overall supervision of manpower and reserve component affairs of the Department of Defense. In addition, one of the Assistant Secretaries shall be the Comptroller of the Department of Defense and shall, subject to the authority, direction, and control of the Secretary --

(1) advise and assist the Secretary in performing such budgetary and fiscal functions and duties, and in exercising such budgetary and fiscal powers, as are needed to carry out the powers of the Secretary;

(2) supervise and direct the preparation of budget estimates of the Department of Defense;

(3) establish and supervise the execution of principles, policies, and procedures to be followed in connection with organization and administrative matters relating to --

(A) the preparation and execution of budgets;

(B) fiscal, cost, operating, and capital property accounting;

(C) progress and statistical reporting; and

(D) internal audit;

(4) establish and supervise the execution of policies and procedures relating to the expenditure and collection of funds administered by the Department of Defense; and

(5) establish uniform terminologies, classifications, and procedures concerning matters covered by clauses (1) - (4).

(c) Except as otherwise specifically provided by law, an Assistant Secretary may not issue an order to a military department unless --

(1) the Secretary of Defense has specifically delegated that authority to him in writing; and

(2) the order is issued through the Secretary of the military department concerned, or his designee. . . ."

These responsibilities are expanded upon in the ASD(C) charter published in DoD Directive 5118.3 of July 11, 1972. It provides:

"The Assistant Secretary of Defense (Comptroller) is the principal staff assistant to the Secretary of Defense for programming, budgeting, auditing, and fiscal functions; for all matters pertaining to organization, management, and administration. He shall provide staff supervision for the Defense Contract Audit Agency and the Defense Audit Service. In addition, he shall:

A. Provide for the design and installation of resource management systems throughout DoD.

B. Collect, analyze, and report resource management information for the Secretary of Defense and as required for the Office of Management and Budget, the Congress, the General Accounting Office, and other agencies outside of the DoD."

The directive itemizes specific functions, relationships and authorities pertinent to the Comptroller and it includes a listing of the numerous authorities which the Secretary of Defense has formally delegated to the Comptroller.

SUMMARY OF THE DoD PLANNING, PROGRAMING, AND BUDGETING SYSTEM (PPBS)

The Assistant Secretary of Defense (Comptroller) is responsible for the design, installation and maintenance of PPBS (DoDD 7000.1) which includes responsibility for the establishment, improvement and maintenance of procedural guidance for PPBS (DoDI 7045.7).

The PPBS is a cyclic process containing five distinct, but interrelated, phases; planning, programing, budgeting, execution and accountability. In the first three phases prior decisions are re-examined and analyzed from the viewpoint of the force structure/national security objectives and the current environment (threat, economic, technological, and resource availability) and the decisions are either reaffirmed or modified as necessary. The cycle for a given fiscal year commences in the month of November almost two years prior to the start of that fiscal year. While the execution phase of that fiscal year might appear to be completed 35 months later, in reality obligations and expenditures against that fiscal year's program may continue, for some appropriations, for several years.

1. The Planning Phase

In the planning phase the role and posture of the United States and the DoD in the world environment are examined, with particular emphasis on Presidential policies. Some of the facets analyzed are: (a) potential and probable enemy capabilities and threat; (b) potential and probable capabilities of our Allies; (c) alternative U.S. policies and objectives in consideration of (a) and (b); (d) military strategies in support of these policies and objectives; (e) planning force levels that would achieve defense policy and strategy; and (f) planning assumptions for guidance in the following phases of PPBS.

The first step in the PPB is the preparation by JCS, and submission to the Secretary of Defense, of the Joint Strategic Planning Document (JSPD) containing independent JCS military strategy advice and recommendations to be considered in the development of the draft Consolidated Guidance (CG) and subsequent PPBS documents. It contains a concise, comprehensive military appraisal of the threat to U.S. interests and objectives worldwide; a statement of recommended military objectives derived from national objectives; and the recommended military strategy to attain national objectives. A summary of the JCS planning force levels which could successfully execute, with reasonable assurance, the approved national military strategy is included. JCS views on the attainability of the planning force in consideration of fiscal responsibility, manpower resources, material availability, technology and industrial capacity are also stated. The JSPD provides an appraisal of the capabilities and risks associated with programmed force levels, based on the planning forces considered necessary to execute the strategy, and recommends changes to the force planning and programing guidance where appropriate.

After consideration of the military advice of the JCS, as expressed in the JSPD, the next milestone is the Secretary of Defense's Consolidated Guidance (CG). A draft of the CG covering the budget and program years is issued in January to solicit the comments of the DoD Components and to provide a vehicle for an exchange of views on defense policy between the Secretary of Defense, the President, and the National Security Council. The final version of the CG, issued in March, serves as an authoritative statement of the fundamental strategy, issues, and rationale underlying the Defense Program, as seen by the leadership of the DoD. The CG, culminating the planning phase, provides definitive guidance, including fiscal constraints, for the development of the Program Objective Memorandum by the Military Departments and Defense Agencies, and continues as the primary DoD guidance until revised or modified by subsequent Secretary of Defense decisions.

2. The Programing Phase

Annually, in May, each Military Department and Defense Agency prepares and submits to the Secretary of Defense a Program Objective Memorandum. POM's are based on the strategic concepts and guidance as stated in the CG and include an assessment of the risk associated with the current and proposed forces and support programs. POMs express total program requirements for the years covered in the CG, and provide rationale for proposed changes from the approved FYDP base. Dollar totals must be within the fiscal guidance issued by the Secretary of Defense. Major issues which are required to be resolved during the year of submission must be identified. Supporting information for POMs is in accordance with the annual POM Preparation Instructions.

After the POMs are submitted, the JCS submits the Joint Program Assessment Memorandum (JPAM) for consideration in reviewing the Military Department POMs, developing Issue Papers, and drafting Program Decision Memorandums. The JPAM provides a risk assessment based on the composite of the POM force recommendations and includes the views of the Joint Chiefs of Staff on the balance and capabilities of the overall POM force and support levels to execute the approved national military strategy. Where appropriate, the Joint Chiefs of Staff recommends actions to achieve improvements in overall Defense capabilities within, to the extent feasible, alternative POM funding levels directed by the Secretary of Defense. In addition, the JPAM develops SALT-constrained forces and provides recommendations on the nuclear weapons stockpiles considered necessary to support these forces, and on the security assistance program.

The programing phase continues in accordance with the following steps:

- a. The POMs are analyzed at the OSD level and Issue Papers are generated which analyze the Service proposals in relation to (1) the Consolidated Guidance, (2) the balance between force structure, modernization, and readiness, and (3) efficiency trade-offs. Significant issues raised by the POMs which require Secretary of Defense resolution are highlighted, decision alternatives are listed, and these alternatives evaluated

as to cost and capacity to implement DoD missions. These "Issue Papers" are developed in coordination with the DoD Components to assure completeness and accuracy of the information contained therein. The views of the JCS on the risks involved in the POMs are considered during preparation of the Issue Papers.

b. Based on the Issue Papers and JCS risk assessment, the Secretary issues Program Decision Memoranda (PDM's) which are transmitted to the DoD Components for analysis and comment as appropriate.

c. Comments on the PDMs may be prepared in a manner prescribed by the submitting activity, but must present precise program impact that may be expected as a result of the decision. If comments on the PDMs express a dissenting view, any additional or clarifying information or justification must accompany the statement to allow a re-evaluation of the issue.

d. Comments submitted by the JCS address the impact on total DoD program balance. JCS provides the Secretary of Defense with an assessment of the risks involved and inherent in the PDMs and an evaluation of strategic implications.

e. Following a staff review of comments on the PDMs, meetings are held by the Secretary of Defense to discuss unresolved issues. If appropriate, Amended Program Decision Memoranda are then issued to incorporate any new decision, or to reiterate the previous decision.

3. The Budgeting Phase

With the establishment of program levels in the POM/PDM process, the budgeting phase begins with the DoD Components formulating and submitting, by September 15, detailed budget estimates for the budget year portion of the approved program. The budget estimates include the prior year, current year, and budget year (budget year plus one for authorized programs) in accordance with the Budget Guidance Manual and supplementary memoranda. Budget estimates are prepared and submitted based on the approved program as well as economic assumptions related to pay and pricing policies which are contained either in the PDMs or in separately prescribed detailed budget guidance revised and issued each year. The budget estimates are reviewed jointly by the Office of the Secretary of Defense (OSD) and the Office of Management and Budget (OMB). The entire budget is reviewed to insure the requests are properly priced; to insure production schedules are within production capacity; and to insure that the estimates are consistent with the Secretary's readiness objectives. Approval of the estimates for inclusion in the President's Budget is documented by Secretary of Defense budget decision documents. These decisions will evaluate, adjust and approve all resources in the budget request by decision units and/or packages within the appropriation and budget activity structures. The decisions will include the current year, the budget year, the authorization year (budget year + 1) and an estimate of the resource impact on the three succeeding program years consistent with the President's requirement for multi-year planning estimates.

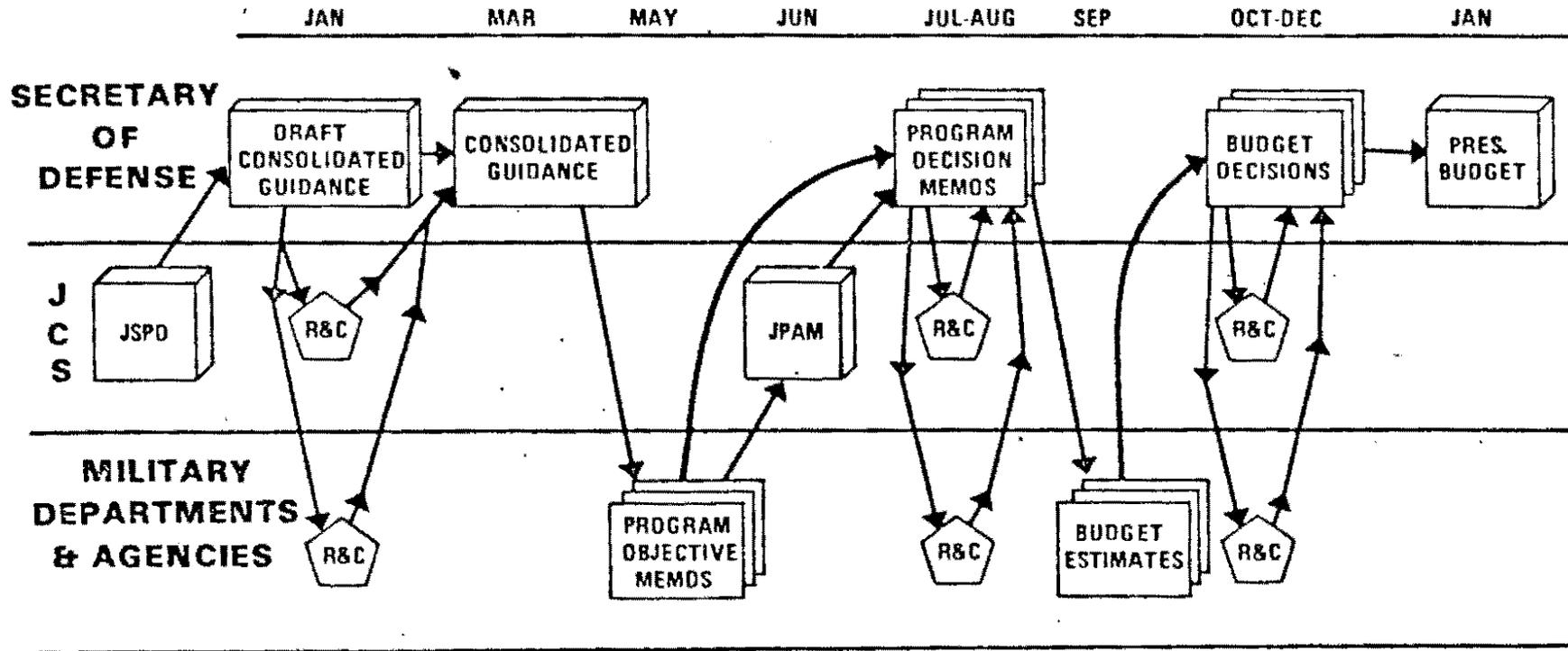
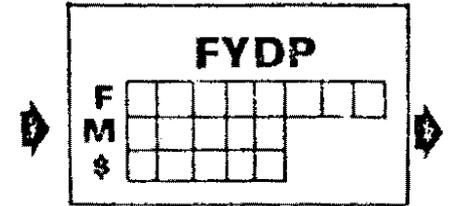
During the course of the budget review, the DoD Components have an opportunity to express an appeal position on each decision. Prior to final decisions, the Service Secretaries and Military Chiefs have the opportunity for a meeting with the Secretary of Defense to present and resolve any outstanding issues of major significance.

The Secretary then presents his budget to the President for consideration within the overall Federal requirements. Changes from that meeting are subsequently incorporated into the DoD submission and decision documentation is finalized. Following the printing process the budget is submitted to the Congress in January. The FYDP is updated to reflect the President's Budget and related resource impact in the "outyears" thereby establishing a consistent base for the ensuing decision cycle.

4. The Execution and Accountability Phases

The execution and accountability phases follow the submission of the budget and its enactment by the Congress. These phases are concerned with: execution of the programs approved by the Congress; the accountability and reporting of actual results for use in monitoring program execution; preparing future plans, programs, and budgets; and supplying financial status information to DoD managers.

PLANNING PROGRAMMING BUDGETING



JSPD = JOINT STRATEGIC PLANNING DOCUMENT
 JPAM = JOINT PROGRAM ASSESSMENT MEMORANDUM
 R&C = REVIEW AND COMMENT

FYDP SYMBOLS
 F = FORCES
 M = MANPOWER
 \$ = DOLLARS
 □ = YEARS

The Joint OSD/OMB Budget Review

The Budget is due from all components of the Department of Defense (DOD) on September 15th and is accompanied by an update of the Five Year Defense Program (FYDP) and annexes. Distribution is made to the Office of Management and Budget (OMB) and all participating organizational elements of the Office of the Secretary of Defense (OSD).

The DoD jointly reviews the budget with the OMB staff in order to devote maximum review and analysis time here in the Department. The alternative would require earlier submission by OSD to OMB in order to provide time for independent OMB review. The current joint OSD/OMB review is unique throughout the government and has been for many years.

Participation in the joint review is open to all elements of the DoD components and OSD staffs. Inputs from participants are solicited by each appropriation director for inclusion in the decision package sets (DPS's); the decision documents ultimately signed by the Secretary/Deputy Secretary of Defense.

Oftentimes as DPS's are drafted, copies are "floated" for input from participants. Once the DPS takes final form it begins a formal coordination process. Coordination should be obtained from the interested Assistant Secretary/Principal Deputy Assistant Secretary level. All notes, memoranda, letters, or other pertinent appendages become a permanent part of the decision document and are retained in the documentation files. These documents are "close hold" in their "raw" signature form. The document, once coordinated with other OSD staff elements, is processed through the Deputy Assistant Secretary (Program/Budget), a representative of OMB, the Principal Deputy Assistant Secretary (Comptroller) and the Assistant Secretary (Comptroller), to the Secretary/Deputy Secretary of Defense. Subsequent to signature, the decision document is printed and distributed throughout the Department and OMB. In order to protect the confidential nature of DRB and OSD staff coordinations and positions, the document which is printed and distributed consists of only the decision document. This is essential to encourage open debate of issues and objective advice to the Secretary.

As the Secretary/Deputy Secretary approves and returns DPS's, they are translated into the Automated Budget Review System to reflect increases and decreases to the submissions. Periodic status reports are provided to the Secretary/Deputy Secretary as well as the OSD managers and staff and the submitting components. Status is in terms of Total Obligational Authority (TOA), the total cost of a program without regard to year or source of funding; Budget Authority (BA), essentially appropriations requested from the Congress; and Outlays, the net of gross disbursements and collections from customers. These are the three basic measures used throughout the budget community. For comparative purposes, dollar values are inflated and/or deflated to reflect constancy in order to measure year-to-year "real growth" as distinct from inflationary increases.

The status reporting is as frequent as management requires and is structured in hierarchical order relative to level of detail.

While the review is progressing, the Defense Resources Board (DRB) meets periodically to consider the relative ranking priorities of approximately \$20-25 billion of programs ranked by the submitting components. The DRB first integrates the original component rankings by reviewing and approving OSD staff prepared priority ranking proposals (PRP's). Those PRP's not approved by the DRB are discarded. The DRB then meets with the Secretary who approves/disapproves the DRB re-ranking proposals. Subsequent iterations are sometimes appropriate. At the point when the Secretary begins meeting with the President on the overall budget levels, the Secretary oftentimes makes changes to the ranking to insure that the highest priority programs are included within the approved funding level. All such approved ranking changes are reflected daily in the automated system so the budget status reporting is current for both DPS changes and ranking changes.

As the process nears completion, various management summaries are available providing TOA, BA and Outlays in both current and constant budget year dollars. The level of real growth is identified and often debated as are the inflation and pay raise assumptions contained in the budget estimates.

Recognizing that last minute changes are disruptive and sometimes error prone, the Department makes the best advantage of time available to continue the review and decision process. However, once OMB has the budget in print, the word is passed that the budget is locked and changes are no longer permitted.

Attention and staff efforts are then directed to preparing information to release to the Press during the DoD Budget Press Briefing; congressional justifications, the Secretary's posture statement, and other related requirements. The FYDP and annexes are updated to reflect all applicable budget decisions and automated data bases and hard copy justification exhibits in support of the budget are provided to the congressional oversight committees. Reprograming requests which have been reflected in the budget are prepared, staffed and submitted to the applicable committees for approval. Accounting records are adjusted as applicable to be consistent with resources reflected in the current year column of the budget. A series of budget hearings and reprograming hearings dominate subsequent months necessitating a great expenditure of management time appearing before the applicable oversight committees.

PLANNING, PROGRAMMING, AND BUDGETING SYSTEM IMPROVEMENTS

The Secretary of Defense, in October 1977, directed that the Defense Department Planning, Programming and Budgeting System (PPBS) be revised to achieve five objectives:

1. To provide an opportunity for early Presidential participation in the process;
2. To permit the Secretary of Defense and the President, based on the advice of all appropriate offices and organizations in the Department of Defense, to play an active role in shaping the defense program;
3. To create a stronger link between planning and programmatic guidance and fiscal guidance;
4. To develop, through discussion, a sound and comprehensive rationale for the program, and
5. To ensure the program is based on sound analysis and contributions for all relevant offices.

The revised system was designed to provide a more coherent basis for guiding the Military Departments in the preparation of their specific program recommendations. It consolidated and reduced to one what in prior years had been three separate forms of guidance from the Secretary of Defense: the Defense Guidance, the Planning and Program Guidance, and the Fiscal Guidance. The revised consolidated guidance was to incorporate an analysis of the rationale for each aspect of the Secretary's guidance to the Services and of the overall defense program.

The Joint Chiefs of Staff and the Military Departments actively participated in the process--from the initial planning to the development of the defense budget to be submitted to the President. The Joint Chiefs of Staff also have modified their system for providing advice and recommendations to the Secretary of Defense in accordance with the opportunities for participation provided by the revised PPBS.

In addition to their participation in the PPBS, the Joint Chiefs of Staff advise the President, the National Security Council, and the Secretary of Defense on a wide range of national security matters. They also are statutory members of the Armed Forces Policy Council.

JCS, Departments Role

The role of the Joint Chiefs of Staff and the Military Departments in the process included the submission of the JCS Joint Strategic Objectives Plan, pre-draft consultation sessions with the Secretary of Defense, informal comment and review during the drafting process, extensive review and comment (written and face-to-face) on the preliminary draft, review and comment on a subsequent draft, and participation in the presentation of the proposals to the President.

In May 1977, the Joint Chiefs of Staff submitted to the Secretary of Defense the Joint Strategic Objectives Plan, Volume I (JSOP I). As in past years, this document included a statement of broad defense objectives, a discussion of the military threat facing the United States, general recommendations concerning strategy and force planning, and a discussion of areas of significant risk. In January 1978, the Joint Chiefs of Staff submitted JSOP II, which included, inter alia, the major force recommendations of the Joint Chiefs of Staff, a comparison of these recommendations with currently programmed forces, and an appraisal of programmed forces. Although JSOP I was submitted and JSOP II was substantially prepared before the revisions in PPBS, these documents provided the Secretary of Defense and the President with the basic views of the Joint Chiefs of Staff on military strategy and force requirements. In light of the changes in the PPBS, additional procedures were adopted to supplement the joint planning process so that the Secretary could, in the revised PPBS, more easily receive the full benefit of the advice, recommendations, and expert capability of the Joint Chiefs of Staff.

In the past, Secretarial guidance had developed in three parts and the JSOP documents were tailored to those parts. JSOP I was prepared prior to the Defense Guidance and assisted the Secretary in making the determinations of policy, strategy, and force planning that were included in the Defense Guidance. The JSOP II provided the Secretary with the JCS views on what should be included in the Planning and Programming Guidance and the Fiscal Guidance. Under the revised system, Secretarial guidance was combined into one document that also included the rationale on which the defense program would be based.

PPBS Modifications

When the modifications of the PPBS were first contemplated in the fall of 1977, the Joint Chiefs of Staff and the Secretaries of the Military Departments were asked for their comments, suggestions, and recommendations. After these recommendations and other comments on the PPBS proposal had been submitted, the Secretary of Defense agreed that it was important that the initial step in the annual process should be the responsibility of the Joint Chiefs of Staff and the Military Departments, and that they should have full opportunity to participate in the process throughout. In a memorandum dated Oct. 26, 1977, addressed to the Chairman of the Joint Chiefs of Staff and the Secretaries of the Military Departments, the Secretary of Defense established a procedure for consultative meetings "to give the Services, individually and collectively, an opportunity to give advice, make recommendations, and offer substantive input." The Secretary's memorandum continued:

"Though the revised PPBS is designed to afford the opportunity at several stages, I deem it important that one such opportunity be prior to the first draft of the document. The last thing I want to do is inhibit your initiative or innovation. I envision these meetings as an opportunity for you to present your proposals with respect to the CG and that a dialogue about them will ensue between the Services and the Secretary of Defense."

Those meetings took place in November. Each was attended by the Chairman of the Joint Chiefs of Staff or the Chairman's personal representative. The Secretary of Defense first held three lengthy meetings with, respectively, the Secretary of the Army and Chief of Staff of the Army; the Secretary of the Navy, Chief of Naval Operations and Commandant of the Marine Corps; and the Secretary of the Air Force and Chief of Staff of the Air Force; and staff members they designated to accompany them. A fourth, "wrap-up," meeting was then held with all three Secretaries of the Military Departments, the Chairman of the JCS, and the members of the Joint Chiefs of Staff. At these meetings the Chairman and members of the Joint Chiefs of Staff and the Secretaries of the Military Departments were able to provide directly to the Secretary of Defense prior to the drafting of any guidance, their advice, recommendations and comments.

Follow-Up Memoranda

After the meetings, the Army, Navy, and the Joint Chiefs of Staff sent follow-up memoranda to the Secretary of Defense emphasizing the points they considered most important and setting out the areas they believed required special attention. Other memoranda, concerning both the form and the content of the Secretary's guidance, followed.

The preliminary draft of the Secretary's guidance was shaped by the comments of the participants in the initial meetings, the follow-up memoranda, the directions of the Secretary of Defense, and informal comments and advice provided by the JCS and the Services during the drafting process.

The draft that was produced was "preliminary". It was not to have any effect until there had been a complete review and opportunities for comment by the JCS and the Services. It was circulated to the Joint Chiefs of Staff and to the Military Departments for comment in January 1978.

The review and comment period for the Joint Chiefs of Staff and the Military Departments covered four weeks. It was a working document, subject to change, to serve as a focus for debate and discussion. It was designed to provide a document to cover matters raised in the pre-draft meetings and memoranda, and a vehicle for discussion and addition to other considerations not covered in the initial discussions. The integration of matters previously contained in the Defense, Planning and Programming, and Fiscal Guidance documents and the requirement that the rationale for the defense program be subjected to increased analytical rigor demanded a careful consideration by the Joint Chiefs of Staff and the Services. It also provided the Joint Chiefs of Staff and the Military Departments with an opportunity to challenge the premises, reasoning and conclusions of the proposed guidance. If the rationale in the preliminary draft were faulty, the Joint Chiefs of Staff and the Service could focus on weak points in the rationale and suggest alternative guidance with better justification.

As indicated by the Secretary in the memorandum that accompanied the draft for comment and review:

"I want to use the Consolidated Guidance not merely to advise you in the preparation of your POMs (Program Objective Memoranda), but also as a vehicle for debate and dialog over the rationale it contains"

Detailed Comments

The Joint Chiefs of Staff and the Secretaries of the Military Departments submitted detailed comments on the draft. In addition, the Joint Chiefs of Staff provided a strategy section for inclusion, and substantial and useful recommendations on the strategic aspects of the guidance.

The written comments on the draft, the views expressed at the follow-up meetings and the guidance of the Secretary of Defense provided the basis for the next draft, which required development of a justification for all changes made, and a justification of changes that were recommended but not made. The redraft and justifications were then presented to the Secretary for decision and, based on his decisions, a revised draft was completed.

The revised draft was again circulated to the Chairman and members of the Joint Chiefs of Staff and to the Secretaries of the Army, Navy, and Air Force for their personal comment and review. Their comments went directly to the Secretary and Deputy Secretary of Defense for their personal review. As a result of those comments, further changes were made. The draft was then sent to the White House. In May 1978, to assist him in his review, the President met with the Secretary of Defense and the Joint Chiefs of Staff. Following that meeting, the President held further discussions with the Secretary of Defense and the JCS Chairman.

The remainder of the planning, programming and budgeting system followed the basic pattern of prior years. After receiving the draft guidance the Military Departments prepared and submitted their Program Objective Memoranda.

The retention of the above feature of the former PPBS reflects the degree to which the revised PPBS preserved the initiative of the Departments of the Army, Navy, and Air Force. Under the system instituted in the early 1960s, the programming initiative resided in the Office of the Secretary of Defense through Draft Presidential Memoranda (DPMs). These stipulated procurement, force structure and costing in detail. The Military Departments were given an opportunity to comment, but once the DPMs were settled, the Services went directly to the preparation of their detailed budgets. Under the current system, the initial formulation of the defense program continued--as in the past nine years--to be the responsibility of the Military Departments and not of the Office of the Secretary of Defense. Thus, the revised system provided an opportunity for participation of the military professionals in the development of the Secretarial guidance and retained for the Military Departments their basic programming initiative.

The PPBS also was structured to preserve the important role of the Joint Chiefs of Staff in the evaluation of program objectives. In prior years, the JCS had prepared and submitted to the Secretary a Joint Forces Memorandum (JFM) at the time that the POMs were prepared and submitted. The JFM

identified important program objectives and provided an assessment of the risk, in terms of defense strategy, incurred by adopting, or not adopting, certain program objectives. Under the revised PPBS, the Joint Chiefs of Staff have replaced the JFM with a Joint Program Assessment Memorandum (JPAM), which is provided to the Secretary after the POMs are submitted. The JPAM provides JCS advice to the Secretary for his review of the Service POMs, development of Issue Papers, and decisions on specific Service programs. It includes a risk assessment based on an overview of the national military strategy and the force structure recommended in the POMs, as well as recommendations for improvements in the overall defense program through selection of certain programs at alternative POM levels. The JPAM therefore provides the Secretary with more valuable assistance in his consideration of the programs of all three Services. The first JPAM was submitted as part of the present PPBS cycle.

Issue Papers

After the submission of the POMs, the staff of the Secretary of Defense drafted issue papers which were sent for review and comment to the Joint Chiefs of Staff, the Military Departments, the Office of Management and Budget, and National Security Council. The issue papers then were revised in response to the comments and provided to the Secretary of Defense. Based on the advice provided in the JPAM, his review of the POMs, and the issue papers, the Secretary made the basic program decisions that were then incorporated in the Program Decision Memoranda (PDMs). The PDMs were sent to the Joint Chiefs of Staff and the Military Departments for review and comment. Major comments-- at the selection of the members of the Joint Chiefs of Staff and the Secretaries of the Military Departments--became the subject of a series of reclama meetings attended by the Secretary and Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff and representatives of the Services. As a result of the written comments and the reclama meetings, the PDMs were modified and issued as Amended Program Decision Memoranda (APDM).

The drafting of the APDMs marked the second point of Presidential involvement in the system. At that point, the Secretary of Defense with the personal assistance of the Chairman of the Joint Chiefs of Staff prepared a status report for the President describing the major features of the Service POM submissions, the major issues that had been raised and their disposition, and an evaluation of the differences among the defense programs available over a range of funding profiles. The status report was submitted to the President for review and guidance. The ADMs were sent to the Military Departments as the basis for the budget proposals that they are now preparing.

After the pre-draft meetings in November 1977, the Joint Chiefs of Staff initiated an evaluation of their role in the revised PPBS and decided to modify the basic documents through which they provided their formal input to the system. This led to several changes made at JCS suggestion. The first of these changes was the replacement of the JFM with the JPAM. This was accomplished in the first cycle of the revised PPBS, as discussed above.

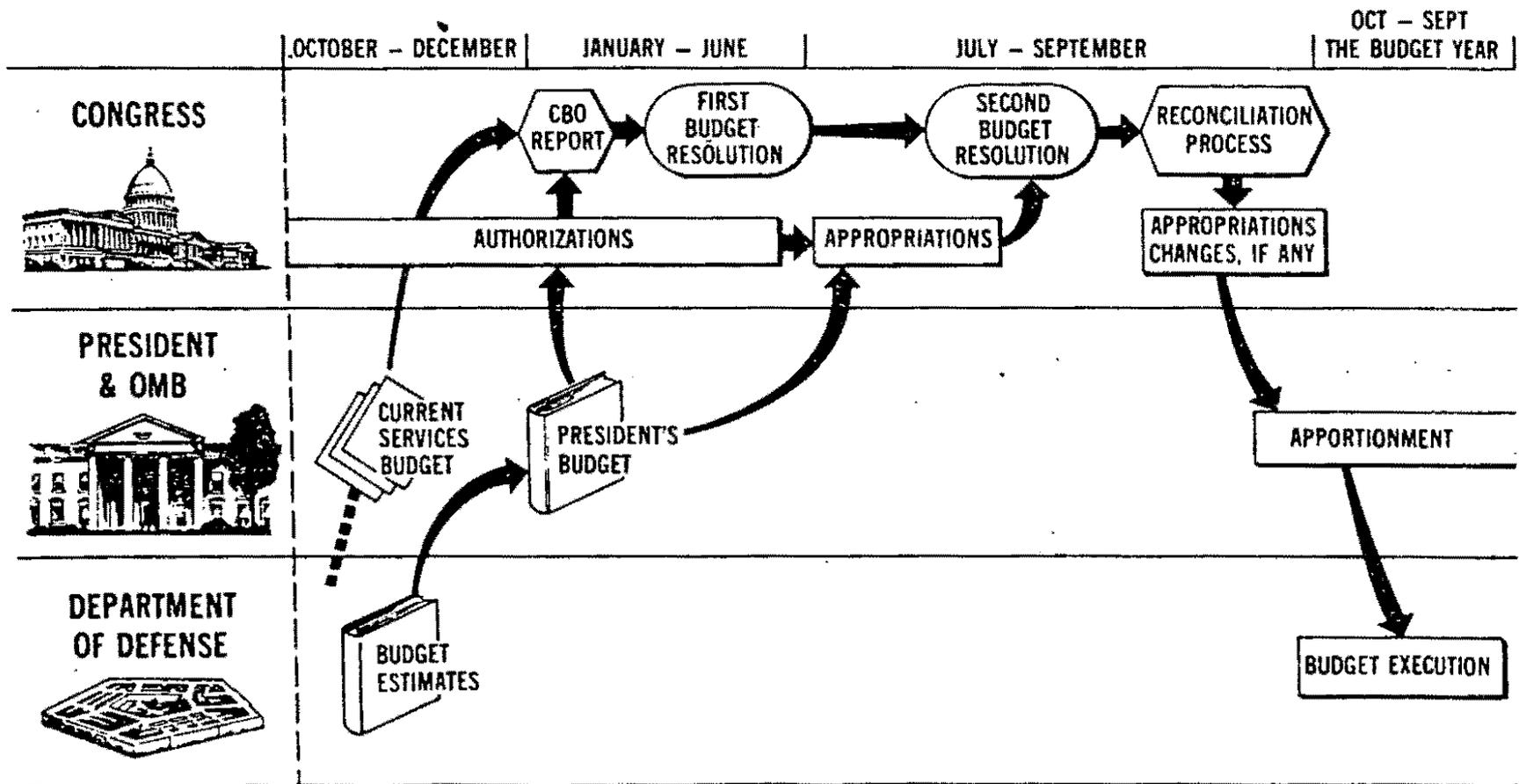
Second Modification

The second modification involved a restructuring of the JSOP documents. To replace the JSOP I and II, the JCS created a Joint Strategic Planning Document (JSPD) to be submitted 60 days in advance of the preliminary draft guidance. The JSPD contains a comprehensive appraisal of the military threat to the United States, a statement of recommended military objectives, recommended military strategy to attain the objectives, and a summary of the JCS planning force levels that could execute, with reasonable assurance, the military strategy. It also will include the JCS views on the attainability of the recommended force levels within fiscal constraints, manpower resources, material availability, technology, and industrial capacity. It will incorporate an initial appraisal of the risk associated with programmed force levels and recommendations for changes in the prior Consolidated Guidance. Thus the JSPD will provide comprehensive recommendations by the Joint Chiefs of Staff tailored to the integrated approach of the revised defense planning, programming, and budgeting system.

SUMMARY OF THE CONGRESSIONAL BUDGET PROCESS

- . THIS SECTION PROVIDES A BRIEF DESCRIPTION OF THE CONGRESSIONAL BUDGET PROCESS AS ESTABLISHED BY THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.
- . THE ACT ESTABLISHES A TIMETABLE FOR VARIOUS PHASES OF THE BUDGET PROCESS.
- . THE ACT ALSO ESTABLISHES PROCEDURES FOR CONGRESSIONAL REVIEW OF PRESIDENTIAL IMPOUNDMENT ACTIONS.

BUDGET PROCESS — NEW STYLE



THE CONGRESSIONAL BUDGET AND IMPOUNDMENT
CONTROL ACT OF 1974

THE CONGRESSIONAL BUDGET PROCESS

Title III of the Act establishes a timetable for various phases of the congressional budget process, prescribing the actions to take place at each point. Following is a description of the elements of the congressional budget timetable set forth in Section 300 of the Act:

Action to be completed

On or before Nov. 10 ----- President submits current services budget

Submission of a current services budget is the first element in the timetable. This document estimates the budget authority and outlays needed to carry on existing programs and activities for the next fiscal year under certain economic assumptions. Its purpose is to give the Congress, at the earliest date possible (just one month after the current fiscal year has begun), detailed information with which to begin analysis and preparation of the budget for the upcoming fiscal year.

Thus, the Congressional Budget Office (CBO) and the House and Senate Budget Committees begin work on new budget projections based on the current fiscal year's levels. To help them evaluate the President's projections, the Act requires the Joint Economic Committee to report to the Budget Committees by December 31 on the estimates and economic assumptions in the current services budget.

Action to be completed

On or before 15th day ----- President submits his budget
after Congress meets

The President's budget is required to be submitted 15 days after the Congress convenes. This budget remains one of the major factors in the development of the congressional budget. Shortly after its submission, the two Budget Committees begin hearings on the budget, the economic assumptions upon which it is based, the economy in general, and national budget priorities. Participants at these hearings include Administration officials, Members of Congress, and representatives of various national interest groups.

Action to be completed

On or before Mar. 15 ----- Committees and joint committees
submit reports to Budget Committees

An important step in the budget process is the submission of the views and recommendations of all standing committees of the House and Senate.

These reports are due March 15, one month in advance of the reporting date of the first concurrent resolution on the budget. These reports are important to the proper functioning of the budget process and, accordingly, are made mandatory by the Act. They provide the Budget Committees with an early and comprehensive indication of committee legislative plans for the next fiscal year. These reports contain the views and estimates of new budget authority and outlays to be authorized in legislation under their jurisdictions which will become effective during the next fiscal year.

In addition, the Joint Economic Committee is directed to submit a report with its recommendations as to the fiscal policies that would be appropriate to achieve goals of the Employment Act of 1946.

Action to be completed

On or before Apr. 1 ----- CBO submits report to Budget Committees

The CBO is required to submit its report to the Budget Committees on or before April 1. This report deals primarily with overall economic and fiscal policy and alternative budget levels and national budget priorities.

Action to be completed

On or before Apr. 15 ----- Budget Committees report first concurrent resolution on the budget to their Houses

April 15 is fixed by the Act as the deadline for reporting by the Budget Committees of the first concurrent resolution on the budget. This date allows a maximum of one month for floor consideration in each House, conference between the two Houses, and adoption of conference reports, required to be completed by May 15.

The concurrent resolution sets forth the following:

1. The appropriate levels of total budget authority and outlays for the next fiscal year, both in the aggregate and for each major functional category of the budget.
2. The appropriate budget surplus or deficit for the next fiscal year.
3. The recommended level of Federal revenues and recommended increases or decreases in revenues to be reported by appropriate committees.
4. The appropriate level of the public debt and recommended increases or decreases to be reported by appropriate committees.
5. Any other matters deemed appropriate to the congressional budget process.

In addition, the report on the resolution compares the Budget Committee's revenue estimates and budget authority and outlay levels with the estimates and amounts in the President's budget. It also identifies the recommended sources of revenues; makes five-year budget projections; and indicates significant changes, if any, in Federal aid to States and localities.

The first budget resolution for a given fiscal year establishes targets for budget authority and outlays for each of the major functional categories, as well as for the five major budget aggregates--revenues, budget authority, outlays, deficit, and public debt. These budget targets, which represent a congressional determination of appropriate fiscal policy and national budget priorities, guide the Congress in its subsequent spending and revenue decisions. With the adoption of the second concurrent budget resolution, the aggregate budget authority, outlays, and revenue levels become binding.

Following adoption of the budget resolutions, the Budget Committee, aided by the CBO, provides up-to-date scorekeeping reports to inform Members as to how congressional action on spending and revenues compares with the budget aggregates and functional targets in the resolution.

Action to be completed

On or before:

May 15 -----	Committees report bills authorizing new budget authority
May 15 -----	Congress completes action on first concurrent resolution on the budget

May 15 is a key date in the new budget process for two reasons:

First, it is the deadline for the reporting of legislation authorizing new budget authority, a requirement imposed by Section 402 of the Act. Authorization measures reported after that date may be considered in the House only if an emergency waiver reported by the Rules Committee is adopted. Exempted from this May 15 reporting requirement are entitlement bills and omnibus social security legislation.

This reporting deadline is an important part of both the overall budget process and a prerequisite to the timely enactment of appropriation bills. In addition, section 607 of the Act requires advance submission by the Executive Branch of proposed authorizing legislation (that is, submission at least one year and 4½ months in advance of the fiscal year to which it applies); and the statement of managers on the Budget Act legislation expresses its expectation that the Congress will develop a pattern of advance authorizations for programs now authorized on an annual or multi-year basis.

Second, May 15 is the deadline for the adoption of the first budget resolution by the Congress; and prior to its adoption, neither House

may consider any revenue, spending, entitlement, or debt legislation. The only measures permitted to be considered prior to the adoption of the first resolution are those involving advance budget authority or changes in revenues which first become effective following the fiscal year dealt with in the first resolution.

In addition to the various matters required to be included in the resolution, the Act also provides for important material to be included in the joint statement of managers accompanying the conference report.

The joint statement must distribute the allocations of total budget authority and outlays contained in the resolution among the appropriate committees of the House and Senate. For example, if the conference report allocates \$7 billion in budget authority and \$6 billion in outlays for a certain functional category, the statement of managers must divide those amounts among the various committees of the House and Senate with jurisdiction over programs and authorities covered by that functional category. Each committee to which an allocation is made must, in turn, further subdivide its allocation among its subcommittees or programs, and promptly report such subdivisions to its House.

Action to be completed

On or before 7th day after Labor Day	----- Congress completes action on bills and resolutions providing new bud- get authority and new spending authority
---	---

The next critical date in the budget process is the 7th day after Labor Day, the deadline for completing action on all regular budget authority and entitlement bills. The only exception to this requirement is for appropriations bills whose consideration has been delayed because necessary authorizing legislation has not been timely enacted.

This deadline is of critical importance for the budget process. While most spending legislation is expected to be acted upon in the months immediately following the adoption of the first resolution on May 15, it is crucial for all spending bills to be completed by the deadline date. The reason is that by the 7th day after Labor Day only three weeks will remain until the start of the new fiscal year, and during those weeks Congress must adopt a second budget resolution and undertake and complete a reconciliation process, if necessary.

Thus, even a small delay in completing authorizing and spending legislation can upset the timing of remaining budget actions (adoption of the second resolution and completion of the reconciliation process). Congress would then be forced into continued reliance on "continuing resolutions," a major defect sought to be corrected by the new budget process.

In addition, the report on the resolution compares the Budget Committee's revenue estimates and budget authority and outlay levels with the estimates and amounts in the President's budget. It also identifies the recommended sources of revenues; makes five-year budget projections; and indicates significant changes, if any, in Federal aid to States and localities.

The first budget resolution for a given fiscal year establishes targets for budget authority and outlays for each of the major functional categories, as well as for the five major budget aggregates--revenues, budget authority, outlays, deficit, and public debt. These budget targets, which represent a congressional determination of appropriate fiscal policy and national budget priorities, guide the Congress in its subsequent spending and revenue decisions. With the adoption of the second concurrent budget resolution, the aggregate budget authority, outlays, and revenue levels become binding.

Following adoption of the budget resolutions, the Budget Committee, aided by the CBO, provides up-to-date scorekeeping reports to inform Members as to how congressional action on spending and revenues compares with the budget aggregates and functional targets in the resolution.

Action to be completed

On or before:

May 15 ----- Committees report bills authorizing
new budget authority

May 15 ----- Congress completes action on first
concurrent resolution on the budget

May 15 is a key date in the new budget process for two reasons:

First, it is the deadline for the reporting of legislation authorizing new budget authority, a requirement imposed by Section 402 of the Act. Authorization measures reported after that date may be considered in the House only if an emergency waiver reported by the Rules Committee is adopted. Exempted from this May 15 reporting requirement are entitlement bills and omnibus social security legislation.

This reporting deadline is an important part of both the overall budget process and a prerequisite to the timely enactment of appropriation bills. In addition, section 607 of the Act requires advance submission by the Executive Branch of proposed authorizing legislation (that is, submission at least one year and 4½ months in advance of the fiscal year to which it applies); and the statement of managers on the Budget Act legislation expresses its expectation that the Congress will develop a pattern of advance authorizations for programs now authorized on an annual or multi-year basis.

Second, May 15 is the deadline for the adoption of the first budget resolution by the Congress; and prior to its adoption, neither House

may consider any revenue, spending, entitlement, or debt legislation. The only measures permitted to be considered prior to the adoption of the first resolution are those involving advance budget authority or changes in revenues which first become effective following the fiscal year dealt with in the first resolution.

In addition to the various matters required to be included in the resolution, the Act also provides for important material to be included in the joint statement of managers accompanying the conference report.

The joint statement must distribute the allocations of total budget authority and outlays contained in the resolution among the appropriate committees of the House and Senate. For example, if the conference report allocates \$7 billion in budget authority and \$6 billion in outlays for a certain functional category, the statement of managers must divide those amounts among the various committees of the House and Senate with jurisdiction over programs and authorities covered by that functional category. Each committee to which an allocation is made must, in turn, further subdivide its allocation among its subcommittees or programs, and promptly report such subdivisions to its House.

Action to be completed

On or before 7th day ----- Congress completes action on bills
after Labor Day and resolutions providing new budget authority and new spending authority

The next critical date in the budget process is the 7th day after Labor Day, the deadline for completing action on all regular budget authority and entitlement bills. The only exception to this requirement is for appropriations bills whose consideration has been delayed because necessary authorizing legislation has not been timely enacted.

This deadline is of critical importance for the budget process. While most spending legislation is expected to be acted upon in the months immediately following the adoption of the first resolution on May 15, it is crucial for all spending bills to be completed by the deadline date. The reason is that by the 7th day after Labor Day only three weeks will remain until the start of the new fiscal year, and during those weeks Congress must adopt a second budget resolution and undertake and complete a reconciliation process, if necessary.

Thus, even a small delay in completing authorizing and spending legislation can upset the timing of remaining budget actions (adoption of the second resolution and completion of the reconciliation process). Congress would then be forced into continued reliance on "continuing resolutions," a major defect sought to be corrected by the new budget process.

Action to be completed

On or before:

- Sept. 15 ----- Congress completes action on second required concurrent resolution on the budget
- Sept. 25 ----- Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution

September 15 and 25 are, respectively, the dates for adoption of the second resolution and completion of the reconciliation process, the final phase of the new budget process.

The Act sets no deadline for reporting this second resolution. The date probably will vary from year to year depending on when action is completed on the various spending bills.

The second resolution affirms or revises, on the basis of new information and data, changed economic circumstances, and Congress' spending actions, the matters contained in the first resolution (that is, the "target" levels of budget authority and outlays, total revenues, and the public debt limit). In addition, the second resolution may direct the committees with jurisdiction over any changes to the House. The changes may include rescinding or amending appropriations and other spending legislation, raising or lowering revenues, making adjustments in the debt limit, or any combination of such actions.

For example, the resolution might call upon the Appropriations Committees to report legislation rescinding or amending appropriations, and the Ways and Means and Finance Committees to report legislation adjusting tax rates or the public debt limit. In addition, other committees may be called upon to report certain actions.

Implementing legislation solely within the jurisdiction of one committee is reported to the House or Senate by that Committee. However, if more than one committee is directed to report certain actions, then the committees submit their recommendations to the Budget Committees which compile the various actions, without substantive change, into a single reconciliation measure. This special procedure is necessary to expedite completion of the reconciliation process.

The Congress may not adjourn sine die until it has completed action on the second resolution and the reconciliation process. Furthermore, after adoption of the second resolution and completion of the reconciliation process, it is not in order in either House to consider any new spending legislation that would cause the aggregate levels of total budget authority or outlays adopted in that resolution to be exceeded, nor to consider a measure that would reduce total revenues below the levels in the resolution. Such legislation is subject to a point of order.

Of course, Congress may adopt a revision of its most recent resolution at any time during the fiscal year. In fact, the framers of the Budget Act anticipated that, in addition to the May and September resolutions, Congress may adopt at least one additional resolution each year, either in conjunction with a supplemental appropriations bill or in the event of sharp revisions in revenues or spending estimates brought on by major changes in the economy.

Action to be completed

On or before Oct. 1 ----- Fiscal year begins

The completion of reconciliation actions brings the budget timetable to a close, five days before the start of the fiscal year on October 1.

* * * * *

The congressional budget timetable sets firm dates for key elements of the new system. Certain parts of the budget process cannot move ahead unless other actions are completed. Appropriations cannot be considered until the first budget resolution is adopted and necessary authorizations have been enacted. Reconciliation actions cannot be undertaken until action is completed on appropriation bills and the second budget resolution. Thus, failure to complete a particular action on schedule affects later actions as well. In short, the four main phases of the budget process (authorizations, budget resolutions, spending measures, and reconciliations) must be completed by the dates assigned to them in the Act.

HOUSE COMMITTEE ON THE BUDGET

THE CONGRESSIONAL BUDGET PROCESS

INFORMATION GATHERING, ANALYSIS, AND PREPARATION OF
1ST BUDGET RESOLUTION

ADOPTION OF 1ST
BUDGET RESOLUTION

CONGRESSIONAL ACTION
ON SPENDING BILLS

ADOPTION OF
2ND BUDGET RES.
AND RECONCILIATION

OCTOBER	NOVEMBER	DECEMBER	JANUARY <small>Approx. last week in Jan.</small>	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER <small>7th day after Labor Day</small>	OCTOBER
	10	21			15	1	15	15			15	25
<p>Physical Fiscal Year Begins (Sec. 501)</p>	<p>President Submits Current Services Budget (Sec. 605(a))</p>	<p>J. Economic Committee Reports Analysis of Current Services Budget to Budget Committee (Sec. 605(b))</p>	<p>President Submits Budget (15 days after Congress convenes) (Secs. 601, 603, 604)</p>	<p>BUDGET COMMITTEES HOLD HEARINGS BEGIN WORK ON 1ST BUDGET RESOLUTION (Sec. 301(a))</p>	<p>All Committees and J. Committee Submit Estimates and Views to Budget Committee (Sec. 301(b))</p>	<p>BUDGET COMMITTEES REPORT 1ST BUDGET RESOLUTION OR RESOLUTION OR BEFORE APR 15 (Sec. 301(d))</p>	<p>CONGRESS COMPLETES ACTION ON 1ST BUDGET RESOLUTION (Sec. 301(d))</p> <p>Deadline for Committees to Report Authorizations Bills (except exceptions and waiver procedure) (Sec. 402(a)(1))</p>	<p>CONGRESS ENACTS APPROPRIATIONS AND SPENDING BILLS</p> <p>CBO Issues Periodic Scorekeeping Reports Comparing Congressional Action with 1st Budget Resolution (Sec. 302(a))</p> <p>As Possible, CBO Cost Analyzes and 5 Year Projects All Appropriation Bills Except Appropriation Bills (Sec. 403)</p> <p>Amounts on New Budget Authority and Tax Expenditure Bills Must Conform Comparisons With 1st Budget Resolution and 5 Year Projections (Sec. 308(a))</p> <p>If a Committee Requests New Legislative Legislation that Exceeds Appropriate Allocation in Latest Budget Resolution, it Shall Be Referred to the Appropriations Committee with Instructions to Report its Recommendations Within 15 Days (Sec. 401(c)(2))</p>	<p>BUDGET COMMITTEES PREPARE 2ND BUDGET RESOLUTION AND REPORT</p>	<p>CONGRESS COMPLETES ACTION ON 2ND BUDGET RESOLUTION (Sec. 310(a)(1))</p> <p>CONGRESS COMPLETES ACTION ON RECONCILIATION BILL OR RESOLUTION (Sec. 310(c))</p> <p>Thereafter, Neither House May Consider Any Bill or Amendment or Conference Report, That Results in An Increase Over Budget Ceiling or a Reduction in Revenue Level Adopted in 2nd Resolution (Sec. 311(a))</p>	<p>FISCAL YEAR BEGINS</p> <p>Congress May Not Act on Until a Complete Action on 2nd Budget Resolution and Reconciliation Measure, if Any (Sec. 310(d))</p>	
<p>CBO 5 Year Projection Report (As soon as possible after Oct. 1) (Sec. 301(e))</p>			<p>Legislation Providing Contract or Borrowing Authority Must Be Made Subject to Amounts Provided in Appropriation Acts (Sec. 401(a))</p>			<p>CBO Reports to Budget Committee (Sec. 302(b))</p>	<p>HOUSE AND SENATE CONSIDER 1ST BUDGET RESOLUTION (Sec. 305)</p>	<p>Before Approval of 1st Budget Resolution, Neither House May Consider New Budget Authority or Spending Authority Bills, Revenue Changes or Debt Limit Changes (same exceptions and waiver procedure) (Sec. 303(a)(1))</p>	<p>Before Reporting to House Appropriation Bill, House Appropriations Committee to Estimate Practicable, Make up of Regular Appropriations Bills and Submit Summary Report to House, Comparing Proposed Outlays and Budget Authority Levels (Sec. 307)</p>	<p>Conference Report Joint Explanatory Statement Allocates Total Levels of Budget Authority and Outlays Among Committees (Sec. 307(a))</p>	<p>After Adoption of 1st Budget Resolution, Each Committee Subdivides its Allocation Among its Subcommittees, and Promptly Reports such Subdivisions to its House (Sec. 307(b))</p>	

THE CONGRESSIONAL BUDGET AND IMPOUNDMENT
CONTROL ACT OF 1974

IMPOUNDMENT CONTROL

Title X of the Act establishes procedures for congressional review of Presidential impoundment actions. This is a companion feature of the new budget control system. The title recognizes two types of impoundment actions by the Executive Branch: rescissions and deferrals.

Rescissions must be proposed by the President whenever he determines that (1) all or part of any budget authority will not be needed to carry out the full objectives of a particular program; (2) budget authority should be rescinded for fiscal reasons; or (3) all or part of budget authority provided for only one fiscal year is to be reserved from obligation for that year. In such cases, the President submits a special message to the Congress requesting rescission of the budget authority, explaining fully the circumstances and reasons for the proposed action. Unless both Houses of the Congress complete action on a rescission bill within 45 days, the budget authority must be made available for obligation.

Deferrals must be proposed by the President whenever any Executive action or inaction effectively precludes the obligation or expenditure of budget authority. In such cases, the President submits a special message to the Congress recommending the deferral of that budget authority. The President is required to make such budget authority available for obligation if either House passes an "impoundment resolution" disapproving the proposed deferral at any time after receipt of the special message.

Rescission and deferral messages are also to be transmitted to the Comptroller General who must review each message and advise the Congress of the facts surrounding the action and its probable effects. In the case of deferrals, he must state whether the deferral is, in his view, in accordance with existing statutory authority. The Comptroller General is also required to report to the Congress reserve or deferral actions which have not been reported by the President; and to report and reclassify any incorrect transmittals by the President.

If budget authority is not made available for obligation by the President as required by the impoundment control provisions, the Comptroller General is authorized to bring a civil action to bring about compliance. However, such action may not be brought until 25 days after the Comptroller General files an explanatory statement with the House and Senate.

The President is also required to submit monthly cumulative reports of proposed rescissions, reservations, and deferrals. These reports, to be published in the Federal Register, explain fully the factors that prompted the various impoundment actions.

APPROPRIATION STRUCTURE

- THIS SECTION CONTAINS A LISTING OF ALL APPROPRIATIONS AND FUNDS AVAILABLE TO THE DEPARTMENT OF DEFENSE.

- ANNUAL BUDGET REQUESTS ARE ADDRESSED IN TWO SEPARATE APPROPRIATIONS ACTS:

- DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

CONTAINS FUNDS FOR MILITARY PERSONNEL, RETIRED MILITARY PERSONNEL, OPERATION AND MAINTENANCE, PROCUREMENT, RESEARCH, DEVELOPMENT, TEST & EVALUATION, SPECIAL FOREIGN CURRENCY, AND REVOLVING AND MANAGEMENT FUNDS.

- MILITARY CONSTRUCTION APPROPRIATIONS ACT

CONTAINS FUNDS FOR MILITARY CONSTRUCTION AND FAMILY HOUSING.

APPROPRIATION TITLE

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY
MILITARY PERSONNEL, NAVY
MILITARY PERSONNEL, MARINE CORPS
MILITARY PERSONNEL, AIR FORCE
RESERVE PERSONNEL, ARMY
RESERVE PERSONNEL, NAVY
RESERVE PERSONNEL, MARINE CORPS
RESERVE PERSONNEL, AIR FORCE
NATIONAL GUARD PERSONNEL, ARMY
NATIONAL GUARD PERSONNEL, AIR FORCE

RETIRED PAY, DEFENSE

OPERATION AND MAINTENANCE

OPERATION & MAINTENANCE, ARMY
OPERATION & MAINTENANCE, NAVY
OPERATION & MAINTENANCE, MARINE CORPS
OPERATION & MAINTENANCE, AIR FORCE
OPERATION & MAINTENANCE, DEFENSE AGENCIES
OPERATION & MAINTENANCE, ARMY RESERVE
OPERATION & MAINTENANCE, NAVY RESERVE
OPERATION & MAINTENANCE, MARINE CORPS RESERVE
OPERATION & MAINTENANCE, AIR FORCE RESERVE
OPERATION & MAINTENANCE, ARMY NATIONAL GUARD
OPERATION & MAINTENANCE, AIR NATIONAL GUARD
RIFLE PRACTICE, ARMY
CLAIMS, DEFENSE
COURT OF MILITARY APPEALS, DEFENSE
FOREIGN CURRENCY FLUCTUATION
XIII OLYMPIC WINTER GAMES

PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY
MISSILE PROCUREMENT, ARMY
PROC. OF WEAPONS & TRACKED COMBAT VEHICLES, ARMY
PROCUREMENT OF AMMUNITION, ARMY
OTHER PROCUREMENT, ARMY
AIRCRAFT PROCUREMENT, NAVY
WEAPONS PROCUREMENT, NAVY
SHIPBUILDING AND CONVERSION, NAVY
OTHER PROCUREMENT, NAVY
PROCUREMENT, MARINE CORPS
AIRCRAFT PROCUREMENT, AIR FORCE
MISSILE PROCUREMENT, AIR FORCE
OTHER PROCUREMENT, AIR FORCE
PROCUREMENT, DEFENSE AGENCIES

RESEARCH, DEVELOPMENT, TEST & EVALUATION

RDT&E, ARMY
 RDT&E, NAVY
 RDT&E, AIR FORCE
 RDT&E, DEFENSE AGENCIES
 DIRECTOR OF TEST AND EVALUATION, DEFENSE

MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, ARMY
 MILITARY CONSTRUCTION, NAVY
 MILITARY CONSTRUCTION, AIR FORCE
 MILITARY CONSTRUCTION, DEFENSE AGENCIES
 NATO INFRASTRUCTURE
 MIL CON, ARMY NATIONAL GUARD
 MIL CON, AIR NATIONAL GUARD
 MIL CON, ARMY RESERVE
 MIL CON, NAVAL RESERVE
 MIL CON, AIR FORCE RESERVE

FAMILY HOUSING, DEFENSE

FAMILY HOUSING, CONSTRUCTION
 FAMILY HOUSING, DEBT PAYMENT
 FAMILY HOUSING, OPERATIONS
 FOREIGN CURRENCY FLUCTUATION, CONSTRUCTION, DEFENSE
 HOMEOWNERS ASSISTANCE FUND, DEFENSE

SPECIAL FOREIGN CURRENCY PROGRAMREVOLVING AND MANAGEMENT FUNDS

DEFENSE PRODUCTION GUARANTEES, ARMY
 DEFENSE PRODUCTION GUARANTEES, NAVY
 DEFENSE PRODUCTION GUARANTEES, AIR FORCE
 LAUNDRY SERVICE, NAVAL ACADEMY
 NAVAL WORKING FUND
 ARMY STOCK FUND
 NAVY STOCK FUND
 MARINE CORPS STOCK FUND
 AIR FORCE STOCK FUND
 DEFENSE STOCK FUND
 ARMY INDUSTRIAL FUND
 NAVY INDUSTRIAL FUND
 MARINE CORPS INDUSTRIAL FUND
 AIR FORCE INDUSTRIAL FUND
 DEFENSE INDUSTRIAL FUND
 ARMY MANAGEMENT FUND
 NAVY MANAGEMENT FUND
 AIR FORCE MANAGEMENT FUND

DEDUCTIONS FOR OFFSETTING RECEIPTS

OFFSETTING RECEIPTS, ARMY
 OFFSETTING RECEIPTS, NAVY
 OFFSETTING RECEIPTS, AIR FORCE
 OFFSETTING RECEIPTS, DEFENSE

DEFENSE-WIDE CONTINGENCIES
CIVILIAN AND MILITARY PAY RAISES

OTHER LEGISLATION
OTHER MILITARY ENTITLEMENTS
UNIFORMED SERVICES RETIREMENT MODERNIZATION
MILITARY PERSONNEL TRAVEL ALLOWANCES

TRUST FUNDS
TRUST FUNDS, ARMY
TRUST FUNDS, NAVY
TRUST FUNDS, AIR FORCE
TRUST REVOLVING FUNDS, ARMY
TRUST REVOLVING FUNDS, NAVY
TRUST REVOLVING FUNDS, AIR FORCE

INTRAGOVERNMENTAL TRUST FUND, NAVY

THE PROCESS OF BUDGET EXECUTION



**Office of The
Assistant Secretary of Defense
(Comptroller)**

THE PROCESS OF BUDGET EXECUTION

- THIS BRIEFING DEALS WITH THE MATTER OF DEPARTMENT OF DEFENSE UNOBLIGATED AND UNEXPENDED BALANCES – A SUBJECT WHICH IS FREQUENTLY DISCUSSED AND OFTEN MISUNDERSTOOD.
- JUST AS IN THE SUBTITLE FOR THIS BRIEFING, THERE IS OFTEN A TENDENCY TO ATTACH A SUBJECTIVE QUALITY TO THESE TERMS.
- THESE TERMS ARE FREQUENTLY USED IN AN ABSTRACT WAY AND ADDRESSED AS IF THEY WERE A MEANS TO AN END.
- IT IS IMPORTANT TO UNDERSTAND THE PROCESS OF BUDGET EXECUTION, BECAUSE UNOBLIGATED AND UNEXPENDED BALANCES BECOME AN ARITHMETIC DERIVATIVE.

THE PROCESS OF BUDGET EXECUTION

THE

UNOBLIGATED AND UNEXPENDED BALANCES

**UNOBLIGATED
AND
UNEXPENDED BALANCES**

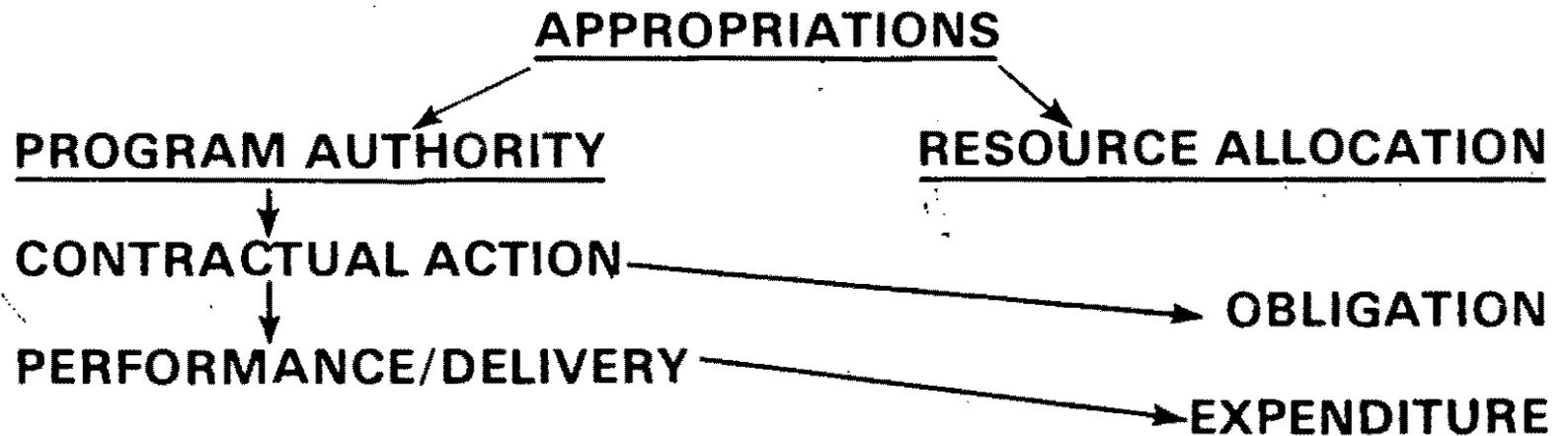
EVENTS IN THE EXECUTION PROCESS

- THE LEGISLATIVE PROCESS PROVIDES BOTH THE AUTHORITY AND THE RESOURCES TO ACCOMPLISH DEPARTMENT OF DEFENSE PROGRAM OBJECTIVES.
- THE PROCESS IS EVENT ORIENTED.
- CONTRACTUAL ACTION INVOLVING PERSONAL SERVICES OR MATERIEL RESULTS IN OBLIGATIONS.
- PAYMENTS FOR PERFORMANCE RENDERED OR DELIVERY OF MATERIEL RESULTS IN EXPENDITURES.

EVENTS IN THE EXECUTION PROCESS

PROGRAM PROCESS

FISCAL RESULTS



TIME PHASING OF THE EXECUTION PROCESS

- IF THE EVENTS IN THE EXECUTION PROCESS WERE COMPLETED ENTIRELY WITHIN EACH FISCAL YEAR, THERE WOULD BE NO UNOBLIGATED OR UNEXPENDED BALANCES.
- IF WE WERE DEALING ENTIRELY WITH OPERATING PROGRAMS IN THE DEPARTMENT OF DEFENSE BUDGET, THERE WOULD BE NO UNOBLIGATED BALANCES AT THE END OF EACH YEAR AND ONLY MODEST UNEXPENDED BALANCES.
- NEITHER OF THE FOREGOING TWO CONDITIONS APPLIES SINCE THE BUDGET DEALS ALSO WITH MAJOR CAPITAL INVESTMENTS.
- CONGRESS FULLY FUNDS THE CAPITAL INVESTMENTS APPROVED IN THE ANNUAL BUDGET, AND RECOGNIZES THE TIME PHASING REQUIREMENTS OF THE ACQUISITION PROCESS BY PROVIDING APPROPRIATION OBLIGATION LIFE SPANS AS APPROPRIATE TO THE VARIOUS FUNCTIONAL AREAS.



TIME PHASING OF THE EXECUTION PROCESS

OPERATIONS

- 1 YEAR APPROPRIATION LIFE
- 100% OBLIGATED IN 1ST YEAR
- 87% EXPENDED IN 1ST YEAR

R&D

- 2 YEAR APPROPRIATION LIFE
- 93% OBLIGATED IN 1ST YEAR
- 58% EXPENDED IN 1ST YEAR

PROCUREMENT (EXCL. SHIPBUILDING)

- 3 YEAR APPROPRIATION LIFE
- 76% OBLIGATED IN 1ST YEAR
- 13% EXPENDED IN 1ST YEAR

SHIPBUILDING

- 5 YEAR APPROPRIATION LIFE
- 51% OBLIGATED IN 1ST YEAR
- 5% EXPENDED IN 1ST YEAR

MILITARY CONSTRUCTION

- 5 YEAR APPROPRIATION LIFE
- 75% OBLIGATED IN 1ST YEAR
- 11% EXPENDED IN 1ST YEAR

DEPARTMENT OF DEFENSE BUDGET
MILITARY FUNCTIONS UNOBLIGATED
AND UNEXPENDED BALANCES

- THE TIME SPAN REQUIRED FOR ORDERLY BUDGET EXECUTION IS SUCH THAT THERE WILL AND SHOULD BE BALANCES.
- UNOBLIGATED BALANCES REPRESENT PROGRAMS, OR PORTIONS OF PROGRAMS, WHICH HAVE NOT YET BEEN PLACED UNDER CONTRACT.
- WE WOULD EXPECT THE UNOBLIGATED BALANCES TO PERTAIN TO CAPITAL INVESTMENT PROGRAMS IN GENERAL AND TO THE MAJOR PROCUREMENT AREA IN PARTICULAR.
- IT IS IMPORTANT TO RECOGNIZE THAT BY FAR THE LARGER PORTION OF UNEXPENDED BALANCES REPRESENTS PROGRAMS WHICH HAVE REACHED THE CONTRACTUAL ACTION STAGE OF THE EXECUTION PROCESS. THESE BALANCES REPRESENT LEGAL OBLIGATIONS AGAINST WHICH PAYMENT MUST ULTIMATELY BE MADE.

**DEPARTMENT OF DEFENSE BUDGET
MILITARY FUNCTIONS UNOBLIGATED
AND UNEXPENDED BALANCES
(\$ BILLIONS)**

	<u>6/30/73</u>	<u>6/30/74</u>	<u>6/30/75</u>	<u>9/30/76</u>	<u>9/30/77</u>	<u>9/30/78</u>	<u>9/30/79</u>	<u>EST. 9/30/80</u>	<u>EST. 9/30/81</u>
UNOBLIGATED BALANCES	12.7	15.1	16.7	21.0	20.0	21.3	23.0	24.4	23.8
OBLIGATED BALANCES	26.9	28.5	27.1	30.3	42.7	52.4	60.9	70.4	86.4
UNEXPENDED BALANCES	39.6	43.6	43.9	51.3	62.7	73.6	83.9	94.8	110.1

DOD UNOBLIGATED BALANCES END OF FISCAL YEAR, 1978-81

- THE TRENDS AND BALANCES IN THE AREAS OTHER THAN PROCUREMENT ARE FAIRLY CONSTANT.
- THE RDT&E PROGRAM IS INCREMENTALLY FUNDED AND OBLIGATES ON THE ORDER OF 93% IN THE INITIAL YEAR.
- MILITARY CONSTRUCTION, WHILE FULLY FUNDED AS A CAPITAL INVESTMENT, IS A RELATIVELY SMALL PORTION OF THE TOTAL DEPARTMENT OF DEFENSE BUDGET AND THE BALANCES ARE ACCORDINGLY MODEST.
- THE INDUSTRIAL FUNDS ARE REVOLVING FUNDS WHICH FINANCE THE OPERATIONS OF SHIPYARDS, ARSENALS, DEPOTS, AND OTHER COMMERCIAL AND INDUSTRIAL TYPE OF INHOUSE DOD ACTIVITIES.
- THE STOCK FUNDS ARE ALSO REVOLVING AND MANAGEMENT FUNDS WHICH FINANCE THE PURCHASE OF CONSUMABLE MATERIALS FOR RESALE TO THE MILITARY SERVICES AND OTHER AUTHORIZED CUSTOMERS. CONSUMABLE MOBILIZATION RESERVE MATERIALS ARE ALSO PURCHASED THROUGH THE STOCK FUNDS.
- AS EXPECTED THE LARGEST PORTION OF OUR UNOBLIGATED BALANCES APPLIES TO THE PROCUREMENT APPROPRIATIONS WHEREIN WE FINANCE THE ACQUISITION OF AIRCRAFT, MISSILES, SHIPS, TRACKED COMBAT VEHICLES, AND OTHER WEAPONS AND MATERIAL.

**DOD UNOBLIGATED BALANCES
END OF FISCAL YEAR 1978-81
(\$ BILLIONS)**

	<u>9/30/78</u>	<u>9/30/79</u>	<u>EST. 9/30/80</u>	<u>EST. 9/30/81</u>
PROCUREMENT	15.8	15.1	17.9	17.9
RDT&E	.9	1.1	1.1	1.3
MILITARY CONSTRUCTION	1.5	1.5	1.5	1.7
FAMILY HOUSING	.2	.2	.1	.2
INDUSTRIAL FUNDS	2.7	3.4	3.2	2.6
STOCK FUNDS	—	1.6	.5	—
TRUST FUNDS	.1	.1	.1	.1
TOTAL UNOBLIGATED BALANCES	<u>21.3</u>	<u>23.0</u>	<u>24.4</u>	<u>23.8</u>

PROCUREMENT APPROPRIATIONS UNOBLIGATED BALANCES

-
- WITHIN THE PROCUREMENT AREA THE NAVY SHIPBUILDING PROGRAM ACCOUNTS FOR THE LARGEST SINGLE PORTION OF THE UNOBLIGATED BALANCES.
 - BALANCES IN OTHER APPROPRIATIONS VARY DEPENDING UPON THE NATURE AND SIZE OF THE PROGRAM.
 - A COMPARISON OF THE BALANCES, EXCLUSIVE OF SHIPBUILDING, WITH THE PROGRAM VALUE EACH YEAR INDICATES THAT THE RELATIONSHIPS ARE STABLE AND REASONABLY PREDICTABLE. THE FOLLOWING TWO CHARTS PROVIDE AN AGING ANALYSIS OF BOTH UNOBLIGATED AND UNEXPENDED BALANCES IN THESE AREAS.

**PROCUREMENT APPROPRIATIONS
UNOBLIGATED BALANCES
(\$ MILLIONS)**

	<u>9/30/78</u>	<u>9/30/79</u>	EST. <u>9/30/80</u>	EST. <u>9/30/81</u>
AIRCRAFT, ARMY	183	193	234	236
MISSILES, ARMY	130	197	301	334
WPNS. AND TR. COMBAT VEH., ARMY	310	336	394	511
AMMUNITION, ARMY	452	479	520	577
OTHER, ARMY	802	750	715	897
AIRCRAFT, NAVY	1,031	1,306	1,096	1,589
WEAPONS, NAVY	998	878	847	976
SHIPBUILDING, NAVY	6,550	6,317	8,090	6,173
OTHER, NAVY	734	830	761	885
MARINE CORPS	130	207	143	198
AIRCRAFT, AIR FORCE	2,770	2,227	2,857	3,033
MISSILES, AIR FORCE	825	589	956	1,370
OTHER, AIR FORCE	752	599	839	986
DEFENSE AGENCIES	145	152	143	91
TOTAL UNOBLIGATED BALANCES	<u><u>15,812</u></u>	<u><u>15,062</u></u>	<u><u>17,897</u></u>	<u><u>17,854</u></u>
UNOBLIGATED BALANCES: AS A PERCENT OF AVAILABILITY	32.0%	30.7%	33.8%	29.6%

**ANALYSIS OF PROCUREMENT
(EXCLUDING SCN)
UNOBLIGATED AND UNEXPENDED BALANCES**

- APPROXIMATELY THREE-FOURTHS OF THE UNOBLIGATED BALANCES REPRESENT APPROPRIATIONS THAT ARE NO MORE THAN ONE YEAR OLD.
- ON THE ORDER OF 80% OF THE UNEXPENDED BALANCES REPRESENT APPROPRIATIONS THAT ARE NO MORE THAN TWO YEARS OLD.

**ANALYSIS OF PROCUREMENT
(EXCLUDING SCN)
UNOBLIGATED AND UNEXPENDED BALANCES
(\$ BILLIONS)**

	<u>71</u>	<u>72</u>	<u>73</u>	<u>74</u>	<u>75</u>	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>	<u>81</u>
<u>UNOBLIGATED BALANCE</u>	6.5	5.1	5.4	6.7	7.5	10.2	9.3	9.3	8.7	9.8	11.7
1ST YEAR BALANCE	6.5	3.5	3.4	5.5	5.9	8.4	7.1	6.8	6.2	7.3	8.9
2ND YEAR BALANCE		1.6	2.0	1.2	1.6	1.8	2.2	2.4	2.6	2.5	2.8
<u>UNEXPENDED BALANCE</u>	17.9	17.3	18.1	18.4	18.4	22.4	28.9	34.9	39.9	45.3	53.7
1ST YEAR BALANCE	17.9	11.4	12.2	11.6	11.6	16.4	19.0	21.6	22.8	25.4	29.9
2ND YEAR BALANCE		5.9	4.1	4.9	5.0	4.2	7.8	9.8	11.7	12.6	14.4
3RD YEAR BALANCE			1.8	1.1	1.1	1.0	1.2	2.5	3.7	5.0	5.6
4TH YEAR BALANCE				.8	.3	.3	.4	.4	1.0	1.4	2.4
PRIOR YEARS					.4	.5	.5	.6	.7	.9	1.4

ANALYSIS OF SCN UNOBLIGATED AND UNEXPENDED BALANCES

- IN THE CASE OF SHIPBUILDING, THE AGING PATTERN VARIES BECAUSE OF THE MORE EXTENDED ACQUISITION CYCLE.

**ANALYSIS OF SCN
UNOBLIGATED AND UNEXPENDED BALANCES
(\$ BILLIONS)**

	<u>71</u>	<u>72</u>	<u>73</u>	<u>74</u>	<u>75</u>	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>	<u>81</u>
<u>UNOBLIGATED BALANCE</u>	2.0	2.6	3.2	4.0	4.9	4.6	5.6	6.6	6.3	8.1	6.2
1ST YEAR BALANCE	2.0	1.4	1.4	2.0	2.7	2.0	3.1	2.9	2.2	3.8	3.0
2ND YEAR BALANCE		1.2	.9	.8	1.4	1.5	1.5	2.3	1.8	1.7	1.7
3RD YEAR BALANCE			.9	.7	.4	.9	.5	1.1	1.5	1.3	.7
4TH YEAR BALANCE				.5	.4	.2	.4	.2	.8	1.3	.8
5TH YEAR BALANCE							.1	.1			
<u>UNEXPENDED BALANCE</u>	5.5	6.6	7.5	8.9	9.1	10.2	13.2	15.8	16.5	18.9	20.6
1ST YEAR BALANCE	5.5	2.7	2.8	3.2	3.1	4.1	5.6	5.6	4.3	6.5	6.0
2ND YEAR BALANCE		3.9	2.1	2.2	2.6	2.4	3.4	4.9	4.8	3.2	5.6
3RD YEAR BALANCE			2.6	1.7	1.7	1.8	1.9	2.8	3.7	3.7	2.3
4TH YEAR BALANCE				1.8	1.0	1.1	1.2	1.2	1.9	2.9	2.7
PRIOR YEARS					.7	.8	1.1	1.3	1.8	2.6	4.0

AIRCRAFT EXECUTION

(BASED ON FY 1976 A-10 PROGRAM)

- TO ILLUSTRATE THE TIME-PHASED ASPECT OF BUDGET EXECUTION, THIS CHART SUMMARIZES CONTRACTUAL ACTION FOR THE FY 1976 A-10 AIRCRAFT PROGRAM.
- FOURTEEN SEPARATE CONTRACTS WERE INVOLVED.
- APPROXIMATELY 70% OF THE PROGRAM WAS OBLIGATED IN THE FIRST YEAR, AND THE REMAINDER WAS OBLIGATED IN APPROXIMATELY EQUAL INCREMENTS DURING THE SECOND AND THIRD YEARS.
- WHILE THE PRECISE PHASING FOR INDIVIDUAL PROGRAMS WILL VARY, WE ARE ABLE TO RELY UPON AGGREGATED HISTORICAL DATA TO MAKE REASONABLY ACCURATE BUDGET PROJECTIONS.

AIRCRAFT EXECUTION
(BASED ON FY 1976 A-10 PROGRAM)
\$ IN MILLIONS

<u>AIRCRAFT</u>	<u>PROGRAM</u>	<u>ACTUAL OBLIGATIONS</u>		
		<u>YR. 1</u>	<u>YR. 2</u>	<u>YR. 3</u>
AIRFRAME	<u>156</u>	<u>135</u>	<u>149</u>	<u>156</u>
ENG. CHANGE ORD.		(9)	(5)	(-)
RESERVE FOR INCENTIVES		(3)	(-)	(-)
RESERVE FOR ESCALATION		(7)	(2)	(-)
RESERVE FOR CLAIMS		(2)	(-)	(-)
ENGINES	<u>54</u>	<u>40</u>	<u>47</u>	<u>54</u>
ENGINE ACCESSORIES		(6)	(2)	(-)
RESERVE FOR INCENTIVES		(2)	(2)	(-)
RESERVE FOR ESCALATION		(6)	(3)	(-)
ELECTRONICS	<u>5</u>	<u>4</u>	<u>5</u>	<u>5</u>
GFE		(1)	(-)	(-)
SUPPORT	<u>65</u>	<u>14</u>	<u>36</u>	<u>65</u>
TRAINING EQUIPMENT		(12)	(5)	(-)
GROUND EQUIPMENT		(32)	(20)	(-)
DATA		(7)	(4)	(-)
OTHER	<u>13</u>	<u>12</u>	<u>13</u>	<u>13</u>
ORDNANCE		(1)	(-)	(-)
PROGRAM	<u>293</u>			
TOTAL OBLIGATIONS	-	205	250	<u>293</u>
UNOBLIGATED	-	(88)	(43)	(0)

DEPARTMENT OF DEFENSE BUDGET FY 1979 OBLIGATIONS AND OUTLAYS

- ESTIMATES OF OBLIGATIONS EACH YEAR INCLUDE BOTH THE DIRECT (APPROPRIATED FUND) PROGRAM AND THE REIMBURSABLE (CUSTOMER) PROGRAM.
- OUTLAY ESTIMATES DEPEND HEAVILY UPON HISTORICAL DATA SINCE DISBURSEMENTS ARE MADE AT NUMEROUS CENTRALIZED FISCAL LOCATIONS, AND NOT THROUGH THE INDIVIDUAL PROGRAM MANAGER ORGANIZATIONS.
- THIS CHART COMPARES THE FY 1979 ACTUALS TO THE ESTIMATES REFLECTED IN THE FY 1980 PRESIDENT'S BUDGET (JANUARY 1979).
- AFTER ADJUSTING THE PLANS ONLY FOR APPROPRIATIONS AND CUSTOMER ORDERS WHICH FAILED TO MATERIALIZE, THE ACTUAL OBLIGATIONS FOR FY 1979 WERE AT 100.1% OF THE ESTIMATE AND OUTLAYS AT 102.8%.

**DEPARTMENT OF DEFENSE BUDGET
FY 1979 OBLIGATIONS AND OUTLAYS
(\$ BILLIONS)**

	<u>OBLIGATIONS</u>	<u>OUTLAYS</u>
PLAN	169.9	112.4
ADJUSTED AVAILABILITY	<u>-1.1</u>	<u>-5</u>
REVISED PLAN	168.8	111.9
ACTUAL	169.0	115.0
ACTUAL AS % OF REVISED PLAN	100.1%	102.8%

FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES

- OUR UNEXPENDED AND UNOBLIGATED BALANCES ARE IN FACT LARGE BUT THEY ARE PREDICTED AND PREDICTABLE.
- THE BALANCES FOR THE TOTAL FEDERAL GOVERNMENT ARE EVEN MORE IMPRESSIVE, WITH A PROJECTED TOTAL UNEXPENDED BALANCE EXCEEDING FOUR-FIFTHS OF A TRILLION DOLLARS BY END FY 1981.
- DOD ESTIMATED BALANCES FOR FY 1979 (WHICH ENDED 9/30/79) COMPARE FAVORABLY WITH THE ACTUAL RESULTS.
- THE FY 1979 ESTIMATES VS ACTUAL FOR OTHER AGENCIES UNDERSCORES THE FACT THAT WE ARE DEALING WITH ESTIMATES AND NOT A PRECISE SCIENCE.

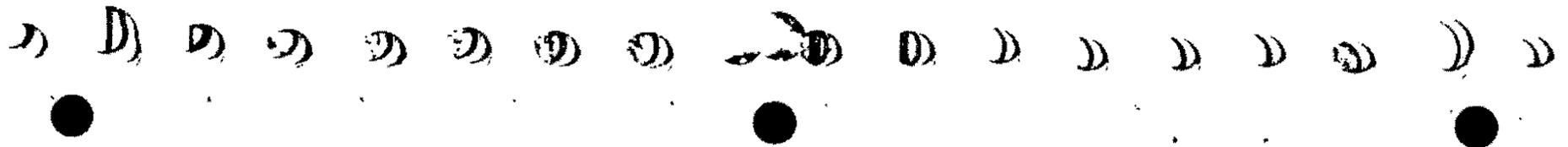


**FEDERAL GOVERNMENT UNOBLIGATED
AND UNEXPENDED BALANCES
(\$ BILLIONS)**

	<u>9/30/78</u>	9/30/79 AS FORECAST JANUARY <u>1979</u>	<u>9 30/79</u>	EST. <u>9 30 80</u>	EST. <u>9 '30 81</u>
FEDERAL FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	21.2	22.4	22.9	24.4	23.7
OTHER AGENCIES	<u>101.0</u>	<u>65.6</u>	<u>85.8</u>	<u>104.4</u>	<u>103.7</u>
FEDERAL GOVERNMENT TOTAL	<u>122.1</u>	<u>88.0</u>	<u>108.7</u>	<u>128.8</u>	<u>127.3</u>
UNEXPENDED BALANCES					
DOD MILITARY	73.4	86.6	83.7	94.7	110.0
OTHER AGENCIES	<u>386.6</u>	<u>398.0</u>	<u>409.4</u>	<u>471.1</u>	<u>511.4</u>
FEDERAL GOVERNMENT TOTAL	<u>460.1</u>	<u>484.6</u>	<u>493.1</u>	<u>565.8</u>	<u>621.4</u>
TRUST FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	.1	.1	.1	.1	.1
OTHER AGENCIES	<u>135.6</u>	<u>149.7</u>	<u>148.3</u>	<u>158.3</u>	<u>169.8</u>
FEDERAL GOVERNMENT TOTAL	<u>135.8</u>	<u>149.8</u>	<u>148.4</u>	<u>158.4</u>	<u>169.9</u>
UNEXPENDED BALANCES					
DOD MILITARY	.2	.2	.2	.2	.1
OTHER AGENCIES	<u>179.1</u>	<u>199.3</u>	<u>195.0</u>	<u>209.4</u>	<u>225.2</u>
FEDERAL GOVERNMENT TOTAL	<u>179.3</u>	<u>199.5</u>	<u>195.1</u>	<u>209.5</u>	<u>225.4</u>
TOTAL FEDERAL FUNDS & TRUST FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	21.3	22.5	23.0	24.4	23.8
OTHER AGENCIES	<u>236.6</u>	<u>215.3</u>	<u>234.1</u>	<u>262.7</u>	<u>273.5</u>
FEDERAL GOVERNMENT TOTAL	<u>257.9</u>	<u>237.8</u>	<u>257.1</u>	<u>287.2</u>	<u>297.2</u>
UNEXPENDED BALANCES					
DOD MILITARY	73.6	86.8	83.9	94.8	110.1
OTHER AGENCIES	<u>565.8</u>	<u>597.3</u>	<u>604.3</u>	<u>680.5</u>	<u>736.6</u>
FEDERAL GOVERNMENT TOTAL	<u>639.4</u>	<u>684.1</u>	<u>688.2</u>	<u>775.3</u>	<u>846.8</u>

FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES

- THIS CHART HELPS TO ILLUSTRATE THAT WE ARE DEALING WITH THE PHENOMENON OF LARGE NUMBERS.
- AS A RESULT OF PROGRAM GROWTH TO A DEGREE AND INFLATION TO A LARGER DEGREE, THE BALANCES MUST BE EXPECTED TO GROW.
- DOD UNOBLIGATED BALANCES OF \$13.0 BILLION AND UNEXPENDED BALANCES OF \$36.0 BILLION A DECADE AGO WERE VERY LARGE NUMBERS.
- CONVERTING THESE FY 1971 BALANCES TO CONSTANT FY 1981 PRICES MAKES THEM EVEN MORE IMPRESSIVE.



FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES
(\$ BILLIONS)

	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	EST <u>FY 1980</u>	EST <u>FY 1981</u>
CURRENT PRICES											
UNOBLIGATED BALANCES											
DOD MILITARY	13.0	11.9	12.7	15.1	16.7	21.0	20.0	21.3	23.0	24.4	23.8
OTHER AGENCIES	<u>161.9</u>	<u>165.3</u>	<u>174.3</u>	<u>219.2</u>	<u>271.5</u>	<u>247.7</u>	<u>233.8</u>	<u>236.6</u>	<u>234.1</u>	<u>262.7</u>	<u>273.5</u>
FEDERAL GOVERNMENT TOTAL	<u>174.8</u>	<u>177.2</u>	<u>187.0</u>	<u>234.3</u>	<u>288.3</u>	<u>268.7</u>	<u>253.8</u>	<u>257.9</u>	<u>257.1</u>	<u>287.2</u>	<u>297.2</u>
UNEXPENDED BALANCES											
DOD MILITARY	36.0	35.9	39.6	43.7	44.0	51.4	62.6	73.6	83.9	94.8	110.1
OTHER AGENCIES	<u>224.9</u>	<u>233.7</u>	<u>254.1</u>	<u>379.0</u>	<u>462.9</u>	<u>490.2</u>	<u>526.3</u>	<u>565.8</u>	<u>604.3</u>	<u>680.5</u>	<u>736.6</u>
FEDERAL GOVERNMENT TOTAL	<u>260.9</u>	<u>269.5</u>	<u>293.7</u>	<u>422.7</u>	<u>506.9</u>	<u>541.5</u>	<u>589.0</u>	<u>639.4</u>	<u>688.2</u>	<u>775.3</u>	<u>846.8</u>
CONSTANT 1981 PRICES											
UNOBLIGATED BALANCES											
DOD MILITARY	27.2	23.6	23.5	25.9	26.6	31.3	27.5	27.0	26.9	26.4	23.8
OTHER AGENCIES	<u>339.1</u>	<u>327.3</u>	<u>322.7</u>	<u>376.1</u>	<u>432.2</u>	<u>369.7</u>	<u>321.0</u>	<u>300.4</u>	<u>273.9</u>	<u>283.8</u>	<u>273.5</u>
FEDERAL GOVERNMENT TOTAL	<u>366.3</u>	<u>350.9</u>	<u>346.2</u>	<u>402.0</u>	<u>458.8</u>	<u>401.0</u>	<u>348.5</u>	<u>327.4</u>	<u>300.8</u>	<u>310.2</u>	<u>297.2</u>
UNEXPENDED BALANCES											
DOD MILITARY	76.9	73.8	78.6	79.2	70.0	76.4	86.9	95.4	99.8	103.2	110.1
OTHER AGENCIES	<u>480.2</u>	<u>480.4</u>	<u>504.5</u>	<u>686.7</u>	<u>736.6</u>	<u>728.3</u>	<u>730.4</u>	<u>733.5</u>	<u>719.0</u>	<u>741.0</u>	<u>736.6</u>
FEDERAL GOVERNMENT TOTAL	<u>577.1</u>	<u>554.2</u>	<u>583.1</u>	<u>765.9</u>	<u>806.7</u>	<u>804.7</u>	<u>817.3</u>	<u>828.9</u>	<u>818.8</u>	<u>844.2</u>	<u>846.8</u>

GAO REVIEW IN 1977 OF DOD UNOBLIGATED BALANCES

- WITHIN DOD PROGRAM PERFORMANCE IS MONITORED ON A CONTINUOUS BASIS.
- IN 1977, AT THE REQUEST OF THE CONGRESSIONAL BUDGET COMMITTEES, THE GENERAL ACCOUNTING OFFICE (GAO) CONDUCTED A SPECIAL REVIEW.
- THE CONCLUSIONS ON THIS CHART WERE INCLUDED AMONG THE PRINCIPAL GAO FINDINGS.

**GAO REVIEW IN 1977 OF DOD
UNOBLIGATED BALANCES**

- GAO DID NOT FIND EVIDENCE THAT THE BUILD-UP IN UNOBLIGATED BALANCES FOR DEFENSE'S PROCUREMENTS BETWEEN JULY 1, 1972, AND SEPTEMBER 30, 1976, REPRESENTED A DEFENSE INABILITY TO PERFORM ITS PROGRAMS
- MOST OF THE INCREASE IN DEFENSE'S PROCUREMENT UNOBLIGATED TOTAL WAS DUE TO PROGRAMMED GROWTH RATHER THAN AN OBLIGATION RATE DECLINE
- THERE WAS NO EVIDENCE THAT ALLOWANCES FOR ENGINEERING CHANGE ORDERS AND INFLATION WERE OVERESTIMATED

SUMMARY

- A NEGATIVE CONNOTATION SHOULD NOT BE ATTACHED TO THE EXISTENCE OF UNOBLIGATED AND UNEXPENDED BALANCES. MISIMPRESSION EXISTS AMONG MANY THAT THESE BALANCES ARE COMPARABLE TO NON-INTEREST BEARING CASH IN AN INDIVIDUAL'S CHECKING ACCOUNT.
- COMPLETE ABANDONMENT OF THE FULL FUNDING PRACTICE WOULD MAKE LESS THAN ONE-FIFTH OF THE TOTAL UNEXPENDED BALANCES DISAPPEAR WHILE ADDING CONSIDERABLE COMPLICATIONS TO THE ANNUAL BUDGET PROCESS.
- ABANDONMENT OF THE FULL FUNDING PRINCIPLE WOULD ALSO REQUIRE THE DEVELOPMENT OF ANOTHER TERM COMPARABLE TO BUDGET AUTHORITY IN ORDER TO PROVIDE VISIBILITY WITH RESPECT TO THE TRUE LIABILITY OF THE FEDERAL GOVERNMENT.

SUMMARY

- UNOBLIGATED AND UNEXPENDED BALANCES PROVIDE A USEFUL MEASURE OF FEDERAL GOVERNMENT COMMITMENTS
- SUCH BALANCES DO NOT REPRESENT IDLE CASH
- TAX POLICIES AND TREASURY BORROWING PRACTICES ARE BASED UPON AMOUNTS TO BE EXPENDED WITHIN EACH FISCAL YEAR
- UNEXPENDED BUT OBLIGATED BALANCES CAN BE REDUCED BY CANCELLATION OF CONTRACTS
- UNEXPENDED AND UNOBLIGATED BALANCES CAN BE REDUCED BY CANCELLATION OF PROGRAMS OR BY ABANDONING THE CONGRESSIONAL PRINCIPLE OF "FULL FUNDING" CAPITAL INVESTMENTS



BUDGET EXECUTION FLEXIBILITIES



**Office of The
Assistant Secretary of Defense
(Comptroller)**

BUDGET EXECUTION FLEXIBILITIES

- REPROGRAMING
- TRANSFER AUTHORITY
- FOREIGN CURRENCY FLUCTUATION
- EMERGENCY AND EXTRAORDINARY EXPENSES
- SECTION 3732 DEFICIENCY AUTHORITY
- WORKING CAPITAL FUNDS TRANSFER AUTHORITY
- PERMANENT AUTHORITY
- FUNCTIONAL TRANSFERS
- EMERGENCY MILITARY CONSTRUCTION
- MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS
- TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH
- TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES
CONSTRUCTION
- CONSTRUCTION PROJECTS COST VARIATIONS
- RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR
DESTROYED
- MINOR CONSTRUCTION

REPROGRAMING

Example of Use

A \$44.0 MILLION REPROGRAMING REQUEST WAS APPROVED TO CREATE AN ADVANCE BUY LINE IN THE BACK-UP TITAN III BOOSTER PROGRAM IN FY 1980. THE OVERALL GOAL OF THE PROGRAM WAS TO TAKE INITIAL STEPS TO MAINTAIN CRITICAL TITAN III PRODUCTION CAPABILITY UNTIL INITIAL OPERATIONAL CAPABILITY OF THE SPACE SHUTTLE THROUGH ACQUISITION OF LONG-LEAD ITEMS. SOURCES OF FUNDING FOR THE INCREASE WERE FROM PROCUREMENT AND RDT&E APPROPRIATIONS.

REPROGRAMING

- APPLIES TO APPROPRIATIONS IN THE ANNUAL DOD APPROPRIATION ACT - MILITARY PERSONNEL, OPERATION & MAINTENANCE, PROCUREMENT, AND RESEARCH AND DEVELOPMENT.
- BASED UPON AGREEMENTS BETWEEN DOD AND THE CONGRESSIONAL ARMED SERVICES AND APPROPRIATIONS COMMITTEES.
- PROVIDES FLEXIBILITY TO REVISE THE PROGRAMS WITHIN AN APPROPRIATION.
- SOME ACTIONS MAY BE APPROVED BY THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES; OTHERS REQUIRE APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION OF, OR PRIOR APPROVAL BY, THE CONGRESSIONAL COMMITTEES SPECIFIED.
- A SUMMARY REPORT OF ALL REPROGRAMING ACTIONS IS SUBMITTED TO THE CONGRESS SEMIANNUALLY.
- CONSIDERABLE PRESSURE FROM THE COMMITTEES TO MINIMIZE REPROGRAMING. SECTION 743 OF THE 1980 ACT STATES THAT "NO PART OF THE FUNDS IN THIS ACT SHALL BE AVAILABLE TO PREPARE OR PRESENT A REQUEST TO THE COMMITTEES ON APPROPRIATIONS FOR THE REPROGRAMING OF FUNDS, UNLESS FOR HIGHER PRIORITY ITEMS, BASED ON UNFORESEEN MILITARY REQUIREMENTS, THAN THOSE FOR WHICH ORIGINALLY APPROPRIATED AND IN NO CASE WHERE THE ITEM FOR WHICH REPROGRAMING IS REQUESTED HAS BEEN DENIED BY THE CONGRESS."

APPROVAL AND/OR NOTIFICATION REQUIREMENTS FOR REPROGRAMING ACTIONS

DOD COMPONENT ACTION	OSD ACTION			
DOD INSTRUCTION 7250.10 DATED JANUARY 10, 1980 "IMPLEMENTATION OF REPROGRAMING OF APPROPRIATED FUNDS," REQUIRES PRIOR APPROVAL OF THE SECRETARY OF DEFENSE OR THE DEPUTY SECRETARY OF DEFENSE FOR THE FOLLOWING:	OBTAIN PRIOR APPROVAL OF HOUSE & SENATE COMMITTEES ON		NOTIFY HOUSE AND SENATE COMMITTEES ON	
	ARMED SERVICES	APPROPRI- ATIONS	ARMED SERVICES	APPROPRI- ATIONS
II. <u>ACTIONS REQUIRING NOTIFICATION TO THE COMMITTEES</u>				
A. <u>MILITARY PERSONNEL</u> - REPROGRAMING INCREASE OF \$5 MILLION OR MORE IN A BUDGET ACTIVITY.				YES
B. <u>OPERATION AND MAINTENANCE</u> - REPROGRAMING INCREASE IN ANY BUDGET ACTIVITY OF \$5 MILLION OR MORE.				YES
C. <u>PROCUREMENT</u> - REPROGRAMING INCREASE OF \$5 MILLION OR MORE IN A LINE ITEM OR THE ADDITION TO THE PROCUREMENT LINE ITEM DATA BASE OF A PROCUREMENT LINE ITEM OF \$2 MILLION OR MORE.			1/	YES
D. <u>ROT&E</u> - REPROGRAMING INCREASE OF \$2 MILLION OR MORE IN ANY PROGRAM ELEMENT, INCLUDING THE ADDITION OF A NEW PROGRAM OF \$2 MILLION OR MORE, OR THE ADDITION OF A NEW PROGRAM ESTIMATED TO COST \$10 MILLION OR MORE WITHIN A 3-YEAR PERIOD			YES	YES
E. REPROGRAMING ACTIONS INITIATING NEW PROGRAMS OR LINE ITEMS WHICH RESULT IN SIGNIFICANT FOLLOW ON COSTS EVEN THOUGH INITIAL ACTIONS ARE BELOW \$5 MILLION AND \$2 MILLION THRESHOLDS IN A THRU D ABOVE.			1/	YES

1/ YES, IF ACTION INVOLVES AN APPROPRIATION FOR WHICH FUNDS HAVE BEEN AUTHORIZED UNDER 10 USC 138. THE REPROGRAMING ACTION IS FORWARDED TO THESE COMMITTEES AND IS MARKED "INFORMATION COPY" ONLY WHEN FUNDS (EXCEPT ROT&E) CITED AS SOURCES OF FINANCING WERE SUBJECT TO AUTHORIZING LEGISLATION. ALL REPROGRAMING ACTIONS WHICH CITE ROT&E FUNDS AS A SOURCE OF FINANCING REQUIRE ARMED SERVICES COMMITTEE APPROVAL.

APPROVAL AND/OR NOTIFICATION REQUIREMENTS FOR REPROGRAMMING ACTION

DOD COMPONENT ACTION	OSD ACTION			
<p>OOD INSTRUCTION 7250.10 DATED JANUARY 10, 1980 "IMPLEMENTATION OF REPROGRAMING OF APPROPRIATED FUNDS," REQUIRES APPROVAL OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER) FOR THE ACTIONS IN SECTION III</p>	OBTAIN PRIOR APPROVAL OF HOUSE & SENATE COMMITTEES ON		NOTIFY HOUSE AND SENATE COMMITTEES ON	
	ARMED SERVICES	APPROPRIATIONS	ARMED SERVICES	APPROPRIATIONS
<p>III. <u>ACTIONS CLASSIFIED AS AUDIT-TRAIL-TYPE CHANGES (INTERNAL REPROGRAMINGS)</u></p> <p style="padding-left: 40px;"><u>RECLASSIFICATIONS</u> REPORTING CHANGES IN AMOUNTS, BUT NOT IN THE SUBSTANCE OF THE PROGRAM NOR FROM THE PURPOSES ORIGINALLY BUDGETED FOR, TESTIFIED TO, AND DESCRIBED IN THE BUDGET JUSTIFICATIONS SUBMITTED TO THE CONGRESSIONAL COMMITTEE.</p>	N/A	N/A	N/A	N/A
<p>IV. <u>QUARTERLY REPORTING ON NEW STARTS</u></p> <p style="padding-left: 40px;">ADVANCE NOTIFICATION ON BELOW THRESHOLD REPROGRAMINGS FOR NEW PROGRAMS OR LINE ITEMS NOT OTHERWISE REQUIRING PRIOR APPROVAL OR NOTIFICATION ACTION IS MADE BY LETTER DIRECTLY TO THE COMMITTEES BY THE OOD COMPONENT INVOLVED. THESE ITEMS ARE THEN REPORTED QUARTERLY ON A DD FORM 1416-1, SPECIAL QUARTERLY REPORT OF PROGRAMS, WHICH ALSO INCLUDES ACTIONS PREVIOUSLY CONSIDERED BY THE COMMITTEES AS PRIOR APPROVAL OR NOTIFICATION ACTIONS.</p>	N/A	N/A	YES	YES

DEPARTMENT OF DEFENSE
REPROGRAMING ACTIONS, FY 1970-1979
(\$ MILLIONS)

<u>REQUESTED</u>	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
NUMBER OF ACTIONS	129	132	82	56	24	45	43	55	66	60 ^{b/}
NUMBER OF LINE ITEMS	299	275	185	129	37	194	110	112	115	159
DOLLAR VALUE OF PROGRAM (GENERAL TRANSFER AUTHORITY)	\$2,431 -	\$3,266 (348)	\$1,866 (803)	\$1,453 (789)	\$ 219 (75)	\$1,446 (758)	\$ 791 (225)	\$ 1,036 (452)	\$ 1,237 (733)	\$ 1,163 (428)
<u>APPROVED</u>										
DOLLAR VALUE OF PROGRAM (GENERAL TRANSFER AUTHORITY)	2,385 -	3,146 (280)	1,680 (694)	1,255 (672)	200 (65)	1,166 (533)	687 (167)	728 (230)	1,032 (688)	956 (383)
<u>COMPARISON</u>										
VALUE OF TOTAL DEFENSE PROGRAM ^{a/}	74,000	71,247	74,632	76,701	79,141	82,095	92,561	105,548	113,409	125,199
% OF REPROGRAMING INCREASES (GENERAL TRANSFER AUTHORITY)	3.3% -	4.4% 4.0%	2.3% 1.3%	1.6% 0.8%	0.3% 0.2%	1.4% 0.6%	.7% .2%	.7% .2%	1.0% .6%	.8% .4%
<u>BELOW-THRESHOLD REPROGRAMINGS^{c/}</u>										
NUMBER OF ACTIONS						1,864	2,186	1,396	1,087	1,468
TOTAL \$ VALUE						787	1,210	1,578	1,063	1,357

^{a/} EXCLUDES MILITARY CONSTRUCTION, FAMILY HOUSING, MILITARY ASSISTANCE, CIVIL FUNCTIONS, AND CIVIL DEFENSE.

^{b/} EXCLUDES 4 ACTIONS FORMALLY WITHDRAWN.

^{c/} DATA NOT AVAILABLE PRIOR TO FY 75

DEPARTMENT OF DEFENSE
REPROGRAMING ACTIONS FOR FISCAL YEARS 1970-1979
(\$ MILLIONS)

	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
NUMBER OF ACTIONS FORWARDED TO CONGRESS	129	132	82	56	24	45	43	55	66	60 ^{a/}
(PRIOR APPROVAL ACTIONS)	(41)	(47)	(42)	(38)	(16)	(28)	(30)	(36)	(42)	(37)
(NOTIFICATION ACTIONS)	(88)	(85)	(40)	(18)	(8)	(17)	(13)	(19)	(24)	(23)
<u>\$ REQUESTED BY TITLE</u>										
MILITARY PERSONNEL	\$ 54	\$ 366	\$ 287	\$ 222	\$ 10	\$ 192	\$ 75	\$ 33	\$ 52	\$ 27
RETIRED PAY, DEFENSE	-	-	-	-	-	-	-	-	-	15
OPERATIONS & MAINTENANCE	212	585	697	923	88	438	168	129	544	276
PROCUREMENT	1,744	1,792	669	224	82	674	501	763	476	625
RDT&E	421	523	213	84	39	22	47	111	165	189
REVOLVING & MANAGEMENT FUNDS	-	-	-	-	-	120	-	-	-	-
CLAIMS, DEFENSE	-	-	-	-	-	-	-	-	-	31
TOTAL REQUESTED BY DOD	2,431	3,266	1,866	1,453	219	1,446	791	1,036	1,237	1,163
(PRIOR APPROVAL ACTIONS)	(950)	(1,222)	(916)	(984)	(148)	(1,085)	(402)	(683)	(902)	(846)
(NOTIFICATION ACTIONS)	(1,481)	(2,044)	(950)	(469)	(71)	(361)	(389)	(352)	(335)	(316)
TOTAL APPROVED BY CONGRESS	2,385	3,146	1,614	1,255	200	1,166	687	728	1,032	956
(PRIOR APPROVAL ACTIONS)	(904)	(1,105)	(751)	(816)	(129)	(804)	(320)	(430)	(837)	(727)
(NOTIFICATION ACTIONS)	(1,481)	(2,041)	(863)	(439)	(71)	(360)	(367)	(298)	(195)	(229)

^{a/} EXCLUDES 4 ACTIONS FORMALLY WITHDRAWN

TRANSFER OF AUTHORITY

Example of Use

THIS AUTHORITY, USED IN CONJUNCTION WITH THE REPROGRAMMING SYSTEM, ENABLED THE MOVEMENT OF \$13 MILLION TO THE MISSILE PROCUREMENT, AIR FORCE ACCOUNT TO ACCELERATE DELIVERY SCHEDULES FOR SATELLITE FLIGHT MODELS 9 THROUGH 12 TO MAINTAIN A VIABLE DEFENSE SATELLITE COMMUNICATION SYSTEM SPACE SEGMENT. FUNDS PROGRAMMED IN THE OTHER PROCUREMENT, AIR FORCE ACCOUNT FOR BOMBS, SPACETRACK, AND FIRST DESTINATION TRANSPORTATION WERE USED AS A SOURCE OF FINANCING.

TRANSFER AUTHORITY

- SECTION 734 OF THE 1980 DOD APPROPRIATION ACT PROVIDES A GENERAL AUTHORITY FOR TRANSFERS, NOT TO EXCEED \$750 MILLION DURING FY 1980 BETWEEN APPROPRIATIONS OR FUNDS AVAILABLE TO DOD FOR MILITARY FUNCTIONS (EXCEPT MILITARY CONSTRUCTION). DOD HAS REQUESTED THAT CONGRESS INCREASE THIS LIMITATION.
- AUTHORITY TO TRANSFER MAY NOT BE USED UNLESS FOR HIGHER PRIORITY ITEMS BASED ON UNFORESEEN MILITARY REQUIREMENTS.
- REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE THAT SUCH ACTION IS IN THE NATIONAL INTEREST AND APPROVAL BY OMB.
- PROVIDES THAT THE SECRETARY OF DEFENSE SHALL NOTIFY CONGRESS PROMPTLY OF ALL TRANSFERS.
- THE USE OF THIS AUTHORITY IS ALSO SUBJECT TO THE PRIOR APPROVAL OF THE APPROPRIATIONS COMMITTEES UNDER THE REPROGRAMMING PROCEDURES.

FOREIGN CURRENCY FLUCTUATION

Example of Use

THE EXCHANGE RATE FOR THE DEUTSCHEMARK USED TO COMPUTE THE FY 1980 FINANCING REQUIREMENTS FOR THE APPROVED PROGRAM IN GERMANY WAS \$2.24. THE JANUARY 1980 EXCHANGE RATE WAS DOWN TO \$1.71. THE FOREIGN CURRENCY FLUCTUATION ACCOUNT WOULD BE USED TO PROVIDE ADDITIONAL DOLLARS TO BUY THE SAME PROGRAM AT THE NEW RATE.

CONVERSELY, THE EXCHANGE RATE FOR THE LIRA USED TO COMPUTE THE FY 1980 FINANCING REQUIREMENTS FOR THE APPROVED PROGRAM IN TURKEY WAS \$17.67. THE JANUARY 1980 RATE WAS UP TO \$70.00. IN THIS CASE, ACCORDING TO LAW, THE ADDITIONAL FUNDS GENERATED BY THE HIGHER RATE CANNOT BE USED IN TURKEY TO BUY ADDITIONAL PROGRAM, BUT MUST BE RETURNED TO THE FOREIGN CURRENCY FLUCTUATION ACCOUNT.

FOREIGN CURRENCY FLUCTUATION

- FUNDS ARE APPROPRIATED TO THE FOREIGN CURRENCY FLUCTUATION, DEFENSE, ACCOUNT FOR TRANSFER TO MILITARY PERSONNEL AND OPERATION AND MAINTENANCE APPROPRIATIONS (AVAILABLE FOR DEFENSE ACTIVITIES IN FOREIGN COUNTRIES) TO FINANCE INCREASED OBLIGATIONS DUE TO DOWNWARD FLUCTUATIONS IN THE CURRENCY EXCHANGE RATES (FROM THOSE USED IN BUDGET PREPARATION).
- FUNDS MUST BE TRANSFERRED INTO THIS ACCOUNT WHEN UPWARD FLUCTUATIONS IN CURRENCY EXCHANGE RATES RESULT IN SUBSTANTIAL NET GAINS IN THE MILITARY PERSONNEL AND OPERATION AND MAINTENANCE APPROPRIATIONS
- THE INTENT IS BOTH TO SHIELD OPERATING PROGRAMS FROM SIGNIFICANT LOSSES AND TO RECOUP SIGNIFICANT GAINS TO PREVENT WINDFALL INCREASES BEING USED TO FINANCE WHAT MIGHT BE LOW PRIORITY PROGRAMS, OR PROGRAMS WHICH WERE NOT REVIEWED AND APPROVED BY THE CONGRESS.
- THE SECRETARY OF DEFENSE HAS AUTHORITY TO APPROVE THESE TRANSFERS. AN ANNUAL REPORT TO THE CONGRESS ON ALL TRANSFERS MADE TO OR FROM THIS APPROPRIATION IS REQUIRED.

EMERGENCIES AND EXTRAORDINARY EXPENSES LIMITATION

Example of Use

IN ADDITION TO SUPPORTING PROGRAMED
AND TARGET OF OPPORTUNITY INTELLIGENCE
EFFORTS, THIS LIMITATION ALSO COVERS
REPRESENTATION ALLOWANCES.

EMERGENCIES AND EXTRAORDINARY EXPENSES

- **WITHIN THE OPERATION AND MAINTENANCE APPROPRIATION FOR THE DEFENSE AGENCIES, AND FOR EACH OF THE MILITARY DEPARTMENTS, AN AMOUNT IS SPECIFIED FOR EMERGENCIES AND EXTRAORDINARY EXPENSES. (LESS THAN \$5 MILLION ANNUALLY PER COMPONENT).**
- **THESE FUNDS ARE USED FOR COVERT PURPOSES AND FOR EXPENSES NOT OTHERWISE AUTHORIZED TO BE PAID FROM DEFENSE APPROPRIATIONS. THEY MAY BE USED ON THE APPROVAL OF THE SECRETARY OF THE RESPECTIVE MILITARY DEPARTMENT, OR THE SECRETARY OF DEFENSE IN THE CASE OF THE DEFENSE AGENCIES APPROPRIATION. THE APPROPRIATE SECRETARY MUST CERTIFY THAT THE USE OF THE MONEY IS NECESSARY FOR CONFIDENTIAL MILITARY PURPOSES.**
- **LEGISLATION REQUIRES THE SECRETARY OF DEFENSE TO SUBMIT A REPORT OF EXPENDITURES UNDER THESE LIMITATIONS ON A QUARTERLY BASIS TO THE COMMITTEES ON ARMED SERVICES AND APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES.**

SECTION 3732 DEFICIENCY AUTHORITY

Most Recent Example of Use

THIS AUTHORITY GENERALLY REFERRED TO AS THE "FEED AND FORAGE ACT" WAS INVOKED IN FISCAL YEAR 1980 IN THE OPERATION AND MAINTENANCE ACCOUNTS. ITS USAGE PROVIDED FOR ADDITIONAL FUEL AND TRANSPORTATION COSTS DUE TO UNANTICIPATED FUEL PRICE INCREASES.

SECTION 3732 DEFICIENCY AUTHORITY

- UNDER SECTION 3732 OF THE REVISED STATUTES (41 USC 11), THE DEPARTMENT OF DEFENSE HAS LIMITED AUTHORITY TO ENTER INTO OBLIGATIONS ON A DEFICIENCY BASIS.
- ITS APPLICATION IS LIMITED TO THE NECESSITIES OF THE CURRENT YEAR UNDER CIRCUMSTANCES IN WHICH APPROPRIATIONS FOR CLOTHING, SUBSISTENCE, FORAGE, FUEL, QUARTERS, TRANSPORTATION, OR MEDICAL AND HOSPITAL SUPPLIES ARE EXHAUSTED.
- APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION TO THE CONGRESS IS REQUIRED.
- WHEN THE FULL EXTENT OF THE DEFICIENCIES ARE KNOWN, A REQUEST MUST BE SUBMITTED TO THE CONGRESS FOR FUNDS TO COVER SUCH DEFICIENCIES.
- THIS STATUTE WAS USED AT THE TIME OF THE BERLIN AND CUBAN CRISES. IT WAS USED IN FY 1980 TO COVER INCREASED FUEL AND RELATED TRANSPORTATION COSTS.
- THERE HAVE BEEN A NUMBER OF RECENT ATTEMPTS WITHIN THE CONGRESS TO REPEAL THIS STATUTE.

WORKING CAPITAL FUNDS TRANSFER AUTHORITY

Example of Use

UNDER THE PROVISIONS OF THIS AUTHORITY, DURING FY 1980, CASH BALANCES OF \$13 MILLION IN THE DEFENSE STOCK FUND AND \$48 MILLION IN THE ARMY STOCK FUND WERE TRANSFERRED TO THE NAVY AND AIR FORCE STOCK FUNDS TO PROCURE WAR RESERVES.

WORKING CAPITAL FUNDS TRANSFER AUTHORITY

- SECTION 736 OF THE 1980 DOD APPROPRIATION ACT AUTHORIZES THE TRANSFER OF CASH BALANCES BETWEEN WORKING CAPITAL FUNDS OF THE DEPARTMENT OF DEFENSE (STOCK FUNDS AND INDUSTRIAL FUNDS).
- USE OF THIS AUTHORITY REQUIRES APPROVAL BY THE SECRETARY OF DEFENSE AND OMB.

PERMANENT AUTHORITY

UNFUNDED CONTRACT AUTHORITY

Example of Use

ON A RECURRING BASIS UNFUNDED CONTRACT AUTHORITY IS USED IN THE STOCK FUNDS TO MAINTAIN REQUIRED LEVELS OF INVENTORY BY OBLIGATING CONTRACTS/PURCHASE ORDERS IN SUCH AMOUNTS TO ACCOMMODATE PROCUREMENT AND ADMINISTRATIVE LEAD TIMES, RISING INFLATION, AND OTHER STOCKAGE REQUIREMENTS TO SATISFY CUSTOMER ORDERS IN A TIMELY MANNER.

THE OUTSTANDING VALUE OF UNFUNDED CONTRACT AUTHORITY AT THE END OF FY 1979 WAS \$4 BILLION.

PERMANENT AUTHORITY

UNFUNDED CONTRACT AUTHORITY

- U.S. CODE TITLE 10, 2210 (b) PROVIDES THAT "OBLIGATIONS MAY, WITHOUT REGARD TO FISCAL YEAR LIMITATIONS, BE INCURRED AGAINST ANTICIPATED REIMBURSEMENTS TO STOCK FUNDS IN SUCH AMOUNTS AND FOR SUCH PERIODS AS THE SECRETARY OF DEFENSE, WITH THE APPROVAL OF THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, MAY DETERMINE TO BE NECESSARY TO MAINTAIN STOCK LEVELS CONSISTENTLY WITH PLANNED OPERATIONS FOR THE NEXT FISCAL YEAR."
- UNFUNDED CONTRACT AUTHORITY OBLIGATIONS ARE LIQUIDATED BY REIMBURSEMENTS FROM CUSTOMER ORDERS.

FUNCTIONAL TRANSFERS

Example of Use

IN APRIL, 1979 THE FEDERAL COBOL
COMPILER TEST SERVICE WAS TRANSFERRED
FROM THE DEPARTMENT OF THE NAVY TO
THE GENERAL SERVICES ADMINISTRATION
(GSA). \$149,000 WAS TRANSFERRED FROM
THE OPERATION AND MAINTENANCE, NAVY,
ACCOUNT, TO GSA TO SUPPORT THIS
FUNCTIONAL TRANSFER.

FUNCTIONAL TRANSFERS

- **UNDER 10 USC 126, AUTHORITY EXISTS TO TRANSFER FUNDS FROM ONE APPROPRIATION ACCOUNT TO ANOTHER IN CONNECTION WITH THE TRANSFER OF RESPONSIBILITIES FROM ONE ORGANIZATION TO ANOTHER.**
- **THIS AUTHORITY HAS BEEN USED IN THE CASE OF REORGANIZATION ACTIONS.**
- **SUCH TRANSFERS ARE SUBJECT TO APPROVAL BY THE SECRETARY OF DEFENSE AND OMB.**

EMERGENCY MILITARY CONSTRUCTION

Example of Use

A RECENT USE OF THIS AUTHORITY WAS TO PROVIDE \$4,400,000 TO THE NAVY FOR DREDGING OF THE THAMES RIVER IN CONNECTICUT TO PROVIDE ADEQUATE CHANNEL DEPTH FOR TRANSIT OF THE FIRST TRIDENT SUBMARINE FROM ITS CONSTRUCTION SITE, ELECTRIC BOAT DIVISION OF GENERAL DYNAMICS CORPORATION, TO LONG ISLAND SOUND FOR SEA TRIALS.

EMERGENCY MILITARY CONSTRUCTION

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION ACT PROVIDES EACH OF THE MILITARY DEPARTMENTS WITH AUTHORITY OF \$20,000,000 TO PROCEED WITH CONSTRUCTION OF FACILITIES MADE NECESSARY BY CHANGES IN MISSIONS AND RESPONSIBILITIES WHICH HAVE BEEN OCCASIONED BY (1) UNFORSEEN SECURITY CONSIDERATIONS, (2) NEW WEAPONS DEVELOPMENTS, (3) NEW AND UNFORESEEN RESEARCH AND DEVELOPMENT REQUIREMENTS, (4) IMPROVED PRODUCTION SCHEDULES, OR (5) REVISIONS IN THE TASKS OR FUNCTIONS ASSIGNED TO A MILITARY INSTALLATION OR FACILITY OR FOR ENVIRONMENTAL CONSIDERATIONS.
- USE OF THIS AUTHORITY REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE THAT DEFERRAL OF SUCH CONSTRUCTION FOR INCLUSION IN THE NEXT MILITARY CONSTRUCTION AUTHORIZATION ACT WOULD BE INCONSISTENT WITH INTERESTS OF NATIONAL SECURITY. ALSO, THE SECRETARY INVOLVED IS REQUIRED TO NOTIFY THE CONGRESSIONAL ARMED SERVICES COMMITTEES.
- FUNDS TO FINANCE SUCH CONSTRUCTION MUST BE REPROGRAMED, WITH THE CONCURRENCE OF THE COMMITTEES ON APPROPRIATIONS, FROM SAVINGS OR FROM LESSER PRIORITY MILITARY CONSTRUCTION PROJECTS.

MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS

Example of Use

RECENTLY, UNDER THIS AUTHORITY, \$8.6 MILLION WAS APPROVED FOR CONSTRUCTION OF FACILITIES AT DIEGO GARCIA TO SUPPORT THE INCREASED TEMPO OF OPERATIONS IN THE INDIAN OCEAN.

MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION AND APPROPRIATION ACTS CONTAIN AUTHORITY WHICH PERMITS THE TRANSFER OF FUNDS FROM THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION TO OTHER APPROPRIATIONS OF THE DEPARTMENT OF DEFENSE WHICH ARE AVAILABLE FOR MILITARY CONSTRUCTION. THE PROJECTS TO BE FINANCED MUST BE DETERMINED TO BE VITAL TO THE SECURITY OF THE UNITED STATES.
- IN FY 1981, \$30 MILLION HAS BEEN PROGRAMED UNDER THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION TO PROVIDE FINANCING FOR THIS AUTHORITY.
- USE OF THIS AUTHORITY REQUIRES APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION OF THE COMMITTEES ON ARMED SERVICES OF BOTH THE HOUSE AND SENATE. COMMENCING WITH THE FY 1980 MILITARY CONSTRUCTION APPROPRIATIONS ACT, THE HOUSE APPROPRIATIONS COMMITTEE HAS MADE THE UTILIZATION OF CONTINGENCY FUNDS SUBJECT TO PRIOR APPROVAL REPROGRAMING.

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH

Example of Use

FUNDS FOR MISSILES AND RELATED EQUIPMENT IN THE RDT&E, DEFENSE AGENCIES APPROPRIATION WERE TRANSFERRED TO RDT&E, ARMY FOR BALLISTIC MISSILE DEFENSE (DEFENDER).

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH

- THE ANNUAL DOD APPROPRIATION ACT PROVIDES AUTHORITY TO TRANSFER FUNDS BETWEEN THE RDT&E, DEFENSE AGENCIES APPROPRIATION AND OTHER APPROPRIATIONS FOR PROGRAMS RELATED TO ADVANCED RESEARCH
- THIS AUTHORITY IS INTENDED TO APPLY TO PROGRAMS MONITORED BY THE DEFENSE ADVANCED RESEARCH PROJECTS AGENCY
- USE OF THE AUTHORITY REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE
- THERE HAS BEEN NO USE OF THE AUTHORITY IN RECENT YEARS

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES CONSTRUCTION

EXAMPLE OF USE

THIS AUTHORITY WAS USED FOR CONSTRUCTION ON KWAJALEIN ISLAND IN SUPPORT OF THE BALLISTIC MISSILE RANGE TO PROVIDE A CAPABILITY FOR TESTING BALLISTIC MISSILE WARHEADS AND DECOY BODIES AT GREAT DISTANCES. THE TRANSFER WAS TO MILITARY CONSTRUCTION FROM RDT&E (ARPA) BY DECREASING OTHER LOWER PRIORITY ADVANCED RESEARCH PROJECTS.

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES CONSTRUCTION

- PUBLIC LAW 89-188 AUTHORIZED THE SECRETARY OF DEFENSE TO CONSTRUCT FACILITIES REQUIRED FOR ADVANCE RESEARCH PROJECTS NOT TO EXCEED A CUMULATIVE COST OF \$20 MILLION. TO DATE, \$8 MILLION OF THIS AUTHORITY HAS BEEN USED AND \$12 MILLION REMAINS AVAILABLE.
- THE FUNDS REQUIRED TO FINANCE THIS AUTHORITY ARE BUDGETED FOR, ALONG WITH OTHER ADVANCE RESEARCH FUNDS, UNDER THE RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE AGENCIES APPROPRIATION. UPON APPROVAL TO CONSTRUCT AN ADVANCE RESEARCH FACILITY, THE NECESSARY FUNDS ARE TRANSFERRED TO THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION.
- THIS TRANSFER AUTHORITY IS RESTATED ON AN ANNUAL BASIS IN THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION LANGUAGE. THERE IS NO REQUIREMENT TO NOTIFY CONGRESS OF ITS USE.

CONSTRUCTION PROJECTS COST VARIATIONS

Example of Use

RECENTLY, IT WAS NECESSARY TO USE THIS AUTHORITY TO ACCOMMODATE A 54% INCREASE (FROM \$118,200,000 TO \$181,900,000) IN THE COST OF THE SPACE TRANSPORTATION SYSTEM (STS) LAUNCH COMPLEX AT VANDENBERG AIR FORCE BASE, CALIFORNIA.

CONSTRUCTION PROJECTS COST VARIATIONS

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION ACT PROVIDES THAT THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES MAY INCREASE STATION AUTHORIZED TOTALS FOR CONSTRUCTION BY 5% IN CONUS AND 10% FOR OUTSIDE THE UNITED STATES. IF ONLY ONE PROJECT (FACILITY) IS AUTHORIZED FOR A STATION, AN INCREASE OF 25% MAY BE APPROVED. SUCH INCREASES ARE PERMITTED ONLY WHEN (1) THEY ARE REQUIRED FOR THE SOLE PURPOSE OF MEETING UNUSUAL VARIATIONS IN COST AND (2) THEY COULD NOT HAVE BEEN REASONABLY ANTICIPATED.
- INCREASES IN EXCESS OF THE ABOVE PERCENTAGES CAN BE INCURRED ONLY AFTER APPROVAL BY THE SECRETARY OF DEFENSE, NOTIFICATION OF THE COMMITTEES ON ARMED SERVICES OF THE SENATE AND HOUSE OF REPRESENTATIVES, AND EITHER (1) THIRTY DAYS HAVE ELAPSED FROM DATE OF NOTIFICATION, OR (2) BOTH COMMITTEES HAVE INDICATED APPROVAL.
- SUCH INCREASES ARE TO BE FUNDED FROM SAVINGS FROM OTHER CONSTRUCTION PROJECTS. FOR PROJECTS COSTING IN EXCESS OF \$500,000, COST INCREASES EXCEEDING 25% OR \$1,000,000, WHICHEVER IS LESSER, ARE SUBJECT TO PRIOR APPROVAL REPROGRAMMING BY THE COMMITTEES ON APPROPRIATIONS. IN NO EVENT MAY THE TOTAL AMOUNT AUTHORIZED FOR AN APPROPRIATION BE EXCEEDED BECAUSE OF COST VARIATIONS.

RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR DESTROYED

Example of Use

RECENT USE OF THIS AUTHORITY WAS FOR RESTORATION OF A TITAN II MISSILE COMPLEX AT MCCONNELL AFB, KANSAS, WHICH WAS DAMAGED AND RENDERED INOPERATIVE BY A MASSIVE OXIDIZER SPILL.

RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR DESTROYED

- 10 U.S.C. 2673 PROVIDES AUTHORITY FOR THE MILITARY DEPARTMENTS TO RESTORE OR REPLACE FACILITIES THAT HAVE BEEN DAMAGED OR DESTROYED BY FIRE, FLOODS, HURRICANES OR OTHER "ACTS OF GOD."
- THE LEGISLATION REQUIRES THAT EACH USE OF THIS AUTHORITY BE APPROVED BY THE SECRETARY OF DEFENSE, AND THAT THE COMMITTEES ON ARMED SERVICES OF THE SENATE AND HOUSE OF REPRESENTATIVES BE NOTIFIED.
- FUNDS TO FINANCE SUCH CONSTRUCTION MUST BE REPROGRAMED FROM SAVINGS OR FROM LOWER PRIORITY PROJECTS. SUCH REPROGRAMING REQUIRES THE PRIOR APPROVAL OF THE COMMITTEES ON APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES.

MINOR CONSTRUCTION

Example of Use

IN MAY, 1980, THE DIRECTOR, DEFENSE MAPPING AGENCY, APPROVED A \$377,000 PROJECT FOR ALTERATION OF FACILITIES AT FORT SAM HOUSTON, TEXAS, TO ACCOMMODATE THE RELOCATION OF THE HEADQUARTERS, INTER-AMERICAN GEODETIC SURVEY, FROM THE PANAMA CANAL ZONE TO THE CONTINENTAL UNITED STATES.

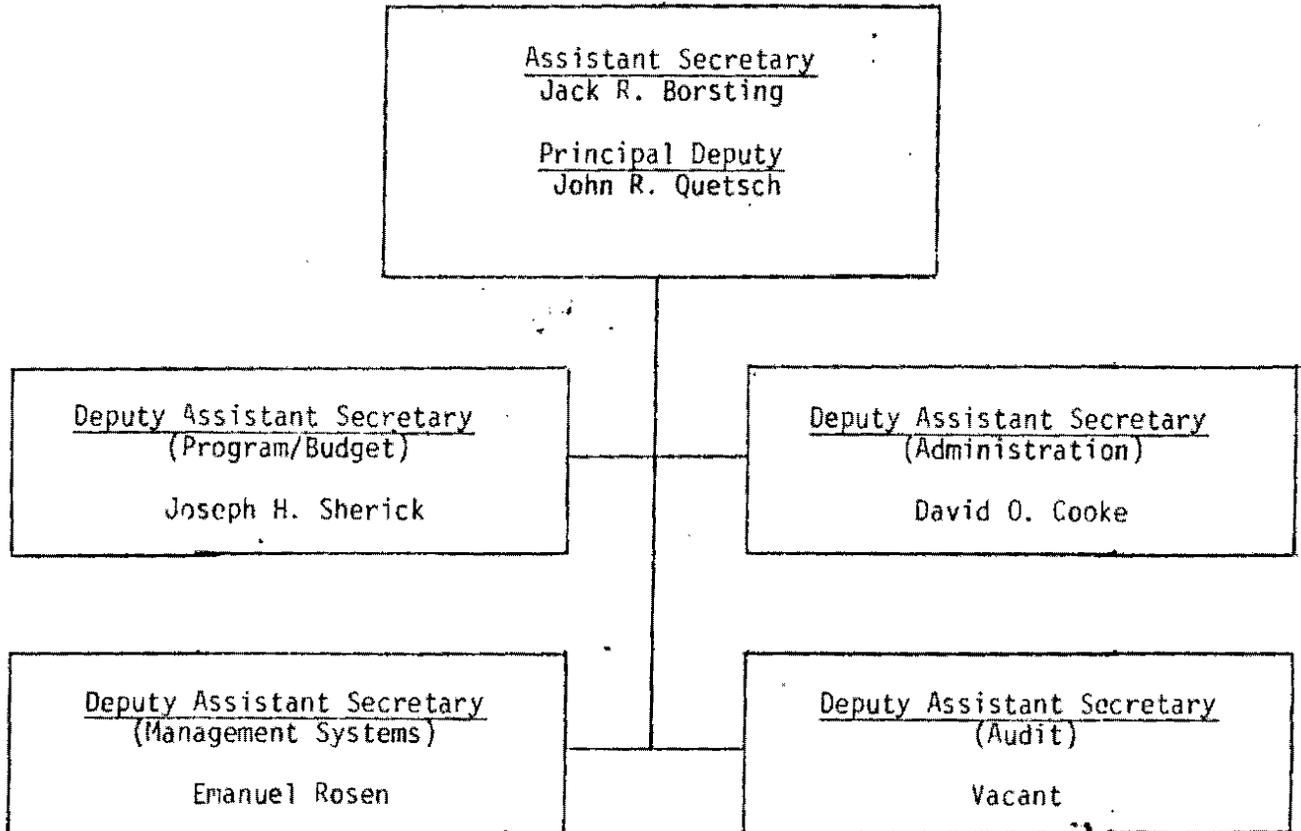
MINOR CONSTRUCTION

- **AUTHORITY IS PROVIDED BY 10 U.S.C. 2674 TO CONSTRUCT FACILITIES COSTING \$500,000 OR LESS WHICH ARE NOT OTHERWISE AUTHORIZED BY LAW**
- **APPROPRIATIONS AVAILABLE FOR MILITARY CONSTRUCTION MAY BE USED FOR SUCH CONSTRUCTION, GENERALLY REFERRED TO AS "MINOR CONSTRUCTION". IN ADDITION, FUNDS AVAILABLE FROM APPROPRIATIONS FOR OPERATION AND MAINTENANCE MAY BE USED FOR ANY PROJECT COSTING NOT MORE THAN \$100,000.**
- **THE LEGISLATION REQUIRES THAT PROJECTS COSTING \$300,000 OR MORE BE APPROVED BY THE SECRETARY OF THE MILITARY DEPARTMENT OR DIRECTOR OF DEFENSE AGENCY CONCERNED AND, FURTHER, THAT PROJECTS COSTING \$400,000 OR MORE BE APPROVED BY THE SECRETARY OF DEFENSE.**
- **AN ANNUAL DETAILED REPORT IS REQUIRED TO BE SUBMITTED TO THE COMMITTEES ON ARMED SERVICES AND APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES ON THE USE MADE OF THIS AUTHORITY. IN ADDITION, THESE COMMITTEES MUST BE NOTIFIED IN WRITING AT LEAST 30 DAYS BEFORE ANY FUNDS ARE OBLIGATED AGAINST ANY PROJECT COSTING MORE THAN \$300,000.**

ORGANIZATION

- THIS SECTION CONTAINS AN ORGANIZATION CHART FOR THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER).
- FOLLOWING THE ORGANIZATION CHART IS A CAPSULE SUMMARY OF EACH OF THE DEPUTY ASSISTANT SECRETARY FUNCTIONS.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
(COMPTROLLER)



OFFICE OF THE ASSISTANT SECRETARY OF
DEFENSE (COMPTROLLER)

JACK R. BORSTING

Executive Assistant - LTC John L. Finan; USAF
Special Assistant - Graydon I. Lose
Director Special Projects - Michael Sovereign
Assistant for Administration - David D. Gurganus

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	5	5	10
Clerical	<u>5</u>	<u>1</u>	<u>6</u>
Total	10	6	16

Advises and assists the Secretary of Defense in the performance of the Secretary's programming, budgetary, and fiscal functions and organizational and administrative matters pertaining to these functions.

Provides for the design and installation of resource management systems throughout the DoD, as assigned.

Collects, analyzes, and reports resource management information to the Secretary of Defense and, as required, to the General Accounting Office and other agencies outside the DoD.

Advises and assists the Secretary of Defense in matters pertaining to general administration of the Department, organizational and management planning, DoD Privacy Program, Historical Records and Reports for OSD.

OFFICE OF THE PRINCIPAL DEPUTY ASSISTANT
SECRETARY (COMPTROLLER)

John R. Quetsch

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	1	-	1
Clerical	<u>1</u>	<u>-</u>	<u>1</u>
Total	2	-	2

Maintains cognizance of all major issues and actions related to the OASD(Comptroller) and acts for the Assistant Secretary in his absence.

Advises and assists the Assistant Secretary on the entire range of financial functions within the Department of Defense.

JACK RAYMOND BORSTING
ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)
Biography

Dr. Jack R. Borsting, previously the Provost and Academic Dean at the Naval Postgraduate School in Monterey, California, was nominated by President Jimmy Carter on 11 June 1980, to be Assistant Secretary of Defense (Comptroller). He was confirmed by the United States Senate on 31 July 1980, and was sworn in by the Secretary of Defense on 12 August 1980.

Born in 1929, in Portland, Oregon, he received a B.A. degree in mathematics from Oregon State University in 1951. This was followed by an M.A. (1952) in mathematics and a Ph.D. (1959) in mathematical statistics from the University of Oregon.

He assumed the position of Provost and Academic Dean at the Naval Postgraduate School in 1974. Prior to that he was Professor and Chairman of the Department of Operations Research and Administrative Sciences at the Naval Postgraduate School. Before assuming the Chairmanship of the Operations Research Department, he was a professor in the Mathematics Department. Other academic positions he has held include Visiting Professor at the University of Colorado at Boulder, Visiting Distinguished Professor at the Oregon State University and teaching positions at the University of Oregon.

During the years 1954-1956 he served with the Air Force as a Nuclear Weapons Project Officer engaged in the development of practice weapons at the Air Force Special Weapons Center at Albuquerque, New Mexico.

Dr. Borsting is Past President of the Operations Research Society of America (ORSA). He is Honorary Treasurer of the International Federation of Operations Research Societies, and previously held the office of ORSA's liaison representative to the International Federation of Operations Research Societies. Previously he held other positions with ORSA including Secretary and Council Member. He is also a Past President of the Military Operations Research Society and is a Fellow of the American Association for the Advancement of Science. He has been a director of the Western Association of Collegiate Schools of Business.

He has been a member of various Advisory Boards and Panels including: Advisory Board Member of the Navy Personnel Research and Development Center, San Diego; Planning Committee member, Unified Science and Mathematics for Elementary Schools, Educational Development Corporation (National Science Foundation Project). He is listed in Who's Who in America and the American Men of Science.

Dr. Borsting is married to the former Peggy Anne Nygard. They have one daughter, Lynn Carol Borsting, and one son, Eric Jeffrey Borsting.

John R. Quetsch
Principal Deputy Assistant Secretary of Defense
(Comptroller)

Mr. John R. Quetsch, a native of Oak Park Illinois, attended Public and Parochial schools there. He was graduated from the University of Notre Dame with a Bachelor of Arts Degree in political science in 1952.

Mr. Quetsch joined the Department of the Navy as a management intern in 1952. Except for two years (1952-54) in the Army, primarily in Korea with the 9th Infantry Regiment, he has served continuously with the Department of Defense since that time.

From 1955 to 1962, Mr. Quetsch worked as a budget analyst for the Bureau of Ships in operations, research, procurement, industrial fund and military assistance programs. In 1962, he joined the Operation and Maintenance Directorate in the Office of the Assistant Secretary of Defense (Comptroller), reviewing service and defense agency programs. In 1965, he was appointed Director for Operations, responsible for integrating the military personnel, operation and maintenance, and industrial fund budget functions and controlling civilian employment levels. He became Principal Assistant to the Deputy Assistant Secretary (Program/Budget) in 1974 and DASD(P/B) in 1976. Mr. Quetsch was appointed to his present position of Principal Deputy Assistant Secretary of Defense (Comptroller) on September 2, 1976.

Mr. Quetsch is married to the former Mary Fritch of South Bend, Indiana. They have five sons and two daughters and reside in McLean, Virginia.

GRAYDON I. LOSE
Special Assistant to the
Assistant Secretary of Defense (Comptroller)

Mr. Graydon I. Lose was born in Middleburg, Pennsylvania on July 12, 1932. He was graduated from Susquehanna University, Selinsgrove, Pennsylvania, in 1954 with a degree of Bachelor of Science in business administration. He did graduate study in management at Temple University and was awarded the degree of Master of Business Administration from American University in 1967. Mr. Lose served with U.S. Army (Counterintelligence) in Korea from 1954 to 1956.

In August 1957, Mr. Lose began his civil service career as a staff auditor with the U.S. Army Audit Agency in Baltimore. In June 1959, he joined the Comptroller's office of the Middletown Air Materiel Area at Olmsted Air Force Base in Pennsylvania as a staff accountant and became a supervisory accountant a year later.

Mr. Lose transferred to Headquarters, United States Air Force, in September 1962 and became a systems accountant with the Accounting and Finance Directorate. During 1965-1966, he held a position as Senior Associate with the Defense Systems Division of the Bunker-Ramo Corporation. From April 1966 to June 1967, Mr. Lose was the Deputy Chief of the Agency Financial Reports Office at Headquarters, National Aeronautics and Space Administration.

In June 1967, Mr. Lose joined the Office of the Assistant Secretary of Defense (Comptroller) as a Program Analyst in the Management Systems Development office. In 1969, he became a Budget Analyst for the Deputy Comptroller for Plans and Systems, and then in 1972 became the Deputy Director for Program and Financial Control in the Program/Budget office.

In July 1974, Mr. Lose became the Special Assistant to the Assistant Secretary of Defense (Comptroller) and handles liaison with the congressional Appropriations Committees.

ASD(COMPTRROLLER)
PDASD(COMPTRROLLER)

DASD(PROGRAM/BUDGET) ES 4
Joseph H. Sherick

DIRECTOR, PROGRAM & FIN CONTROL ES 4
Clyde D. Claister
DEPUTY DIRECTOR P&FC ES 4
John W. Melchner

DIRECTOR, PLANS & SYSTEMS ES 4
John W. Beach
DEPUTY DIRECTOR P&S ES 1
Robert J. Lieberman

DIRECTOR, CONSTRUCTION ES 4
Allen D. South

DIRECTOR, PROCUREMENT ES 4
Richard A. Harshman
DEPUTY DIRECTOR PROCUREMENT ES 4
Stephen A. Trodden

DIRECTOR, RESEARCH & DEVELOPMENT ES 4
David J. Hessler
DEPUTY DIRECTOR R&D ES 4
Nelson W. Eaton

DIRECTOR, OPERATIONS ES 4
Donald B. Shycoff
DEPUTY DIRECTOR OPERATIONS ES 4
Frank L. McLaughlin

DIRECTOR, MILITARY PERSONNEL ES 4
L. Paul Dube

OFFICE OF THE DEPUTY ASSISTANT SECRETARY
(PROGRAM/BUDGET)

Joseph H. Sherick

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	1	-	1
Clerical	<u>2</u>	<u>-</u>	<u>2</u>
Total	3	-	3

Directs and supervises:

- The programming system of the DoD.
- The establishment of budgetary principles, policies, systems and procedures.
- The formulation, management, and execution of the budget of the DoD.
- The development of financing policy within the DoD.
- An automated management system to support the programming and budgeting processes.

JOSEPH H. SHERICK

Mr. Joseph H. Sherick was appointed to the position of Deputy Assistant Secretary of Defense (Program/Budget), Office of the Assistant Secretary of Defense (Comptroller), January 27, 1980.

Mr. Sherick is a career civil servant who began his Federal service as a Budget Analyst at the Frankford Arsenal in 1950 and served for nine years in various financial management positions in the field and at the Department of Army Headquarters. In 1959, he joined what is now the Office of Management and Budget in the Executive Office of the President, where he held the position of Assistant to the Chief of the Military Division. From 1966 to 1968, he served as the Comptroller of the Defense Atomic Support Agency (now the Defense Nuclear Agency). In 1968, he was selected as the Budget Director for Research and Development in the Office of the Assistant Secretary of Defense (Comptroller). He served in this capacity until April 1973, when he was appointed as the Deputy Comptroller of the Army. He became Deputy Comptroller (Program/Budget) in the Office of the Assistant Secretary of Defense (Comptroller) in October 1976 and held this position until he was selected for his current position.

Mr. Sherick served in the Navy from 1942 to 1946. He attended Temple University, where he earned a Bachelor of Arts Degree in 1949 and his Juris Doctor Degree in 1958. He is a member of the Bar in the District of Columbia and Virginia.

He is the recipient of the Exceptional Civilian Service Medal of the Defense Atomic Support Agency (Defense Nuclear Agency), the Secretary of Defense Meritorious Civilian Service Medal, with Palm, and the Exceptional Civilian Service Medal of the Department of the Army.

DIRECTORATE FOR PROGRAM AND FINANCIAL CONTROL

Director

Clyde O. Glaister

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	13	-	13
Clerical	<u>2</u>	<u>-</u>	<u>2</u>
Total	15	-	15

Prepares policies, plans, and guidance for the maintenance, extension, and improvement of the DoD Planning, Programming, Budgeting System (PPBS).

Prepares the annual calendar year action schedule for the Program/Budget Review.

Prepares policies and objectives to guide development and implementation of subsystems to the Five-Year Defense Program.

Analyzes current and projected financial and quantitative data to ascertain financial requirements and progress in terms of obligations and expenditure rates in DoD appropriations and reports on significant trends and conditions therein.

Prepares and continuously reviews the estimates of obligations, expenditures, and estimates of annual carry-over of availability for all funds appropriated to the DoD.

Prepares fiscal reports, special financial statements, charts, and graphs required in support of budget presentation, studies, and economic analyses.

Establishes reprogramming procedures, conducts technical review, and processes reprogramming actions to the Congress.

Develops and operates computer systems and programs supporting the budget process.

Develops, reviews, and analyzes the Five-Year Defense Program (FYDP).

Operates and controls the Defense Programming System to include: reviewing and processing of all Program Objective Memoranda (POM), advising and assisting primary action offices in the preparation of proposed Program Change Decision (PCD's), and processing the Program Change Decisions of the Secretary to the DoD components.

Participates in special program studies and reviews.

Clyde O. Glaister
Director for Program and Financial Control

Mr. Clyde O. Glaister, a native of New Kensington, Pennsylvania was born on April 6, 1935. He attended public schools in Vandergrift, Pennsylvania and LaSalle and American Universities. He began his career in government with the U.S. Air Force Headquarters staff in 1954. Since 1961 he has served in the Office of the Secretary of Defense, returning to the Air Force for a short period in 1965 and 1966. In 1967 he rejoined the OSD Comptroller staff as a program analyst initially concentrating his efforts on the Five Year Defense Program. Subsequent involvement in the budget formulation process led to overall responsibility for the DoD Planning, Programming, and Budgeting System.

In 1974 he was appointed Deputy Director and in 1976 appointed Director for Program and Financial Control. In this capacity he is responsible for: policies, plans and guidance for maintenance, extension, and improvement of the PPBS; preparation of the annual calendar; development of annexes to the FYDP; liaison with the congressional oversight committees on Mission Budgeting; preparation of obligation and outlay estimates for the DoD budget; overall financial control of the Secretary's budget review and formulation process providing daily status of the impact of the Secretary's decisions on component requests; monitoring, controlling and reporting status of congressional oversight committee review of the budget; controlling the Treasury warrants and OMB apportionment of appropriations enacted; establishing policies and procedures for the DoD reprogramming system, keeping the department and the Congress apprised of the status of congressional actions; monitoring overall financial plans and reporting to the Comptroller and Secretary the status of program execution; responsible for accounting system integrity and consistency with established policy including solvency of accounts and initial determination of violations of the punitive statutes regarding obligations and expenditures; developing and operating time-shared computer systems designed to support the above processes.

Mr. Glaister is married to the former Carole Sue Main of Upper Sandusky, Ohio. They have two daughters, Dana and Diana, and reside at 2017 Soapstone Drive, Reston, Virginia.

March 1980

DIRECTORATE FOR PLANS AND SYSTEMS

Director

John W. Beach

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	7	-	7
Clerical	<u>2</u>	<u>-</u>	<u>2</u>
Total	9	-	9

Establish budget principles, policies, and procedures covering formulation, presentation, and execution of the DoD budget. Maintain continuous surveillance of Defense budgetary levels to ensure conformance with Congressional budget resolutions.

Develop aggregate financing policy within DoD, e.g., to measure the effects of inflation and pay raises. Prepare budget amendments and supplementals as needed.

Project alternative levels of Defense budgetary resources based on different pay and price level assumptions. Prepare current services estimates indicating the budgetary resources needed to maintain current program levels.

Prepare DoD appeals to Congressional authorization and appropriation actions.

Develop economic studies and analyses to show the impact of outside economic events on Defense budgets and programs. Conversely, measure and evaluate the impact of Defense spending on overall economic activity. This includes econometric forecasting techniques.

Prepare budget submissions, Congressional testimony, Congressional action items, and other related material.

Report to and advise NATO allies on trends in U.S. Defense budgetary resources.

Maintain surveillance of the impact of DoD transactions entering the International Balance of Payments.

JOHN W. BEACH (John)

Director for Plans & Systems
Office of Assistant Secretary
of Defense (Comptroller)
Room 3A862, The Pentagon
Washington, DC 20301
(202) 697-9171

Syracuse University (B.S., 1960 and MPA, Economics, 1965).
U.S. Army Quartermaster Corps, 1962-1964; further graduate training
economics and mathematics, American and George Washington Universities
(1966-1970).

In present position since April 1979. Directs Department of Defense
budget review procedures dealing with authorization and appropriation
requests from the Congress. Prepares formal statements and other
materials for Defense officials to present to the Congress dealing with
Defense budget. Develops forecasts of Defense budget under alternative
pay and price level assumptions.

Selected Federal Management Intern, 1965.
Secretary of Defense Meritorious Civilian Service Medal - 1975

DIRECTORATE FOR CONSTRUCTION

Director Allen D. South

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	5	-	5
Clerical	<u>2</u>	<u>-</u>	<u>2</u>
Total	7	-	7

Reviews, evaluates, and makes recommendations on DoD Components' Program Objective Memoranda, budget requests, apportionment requests, and budget execution plans for all military construction, family housing appropriations of the DoD, and for the areas of national intelligence and other classified programs.

Monitors the execution of the budget for the military construction and family housing appropriations.

Manages the Defense Homeowner's Assistance Fund.

Monitors the financial execution of intelligence and classified programs and participates in the Defense Intelligence Programs Reviews.

Biographical Sketch

Allen D. South

Born in Canton, South Dakota on March 30, 1923.

Educated in the State of Missouri public school system. Graduated from the Central Business College, Sedalia, Missouri in 1942.

Entered the Army in 1943 and served in the European theater until being discharged in 1945.

Became a civilian employee of the Department of Navy and served in various positions in the Comptroller field at Great Lakes, Illinois; transferring to Navy Headquarters, Washington, DC in 1957, serving there until 1964.

Joined the staff of the Office of Assistant Secretary of Defense (Comptroller) in 1964, held various positions in Program/Budget, being promoted to the Director for Construction in 1969, the position currently held.

DIRECTORATE FOR PROCUREMENT

Director Richard A. Harshman

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	10	-	10
Clerical	<u>2</u>	<u>-</u>	<u>2</u>
Total	12	-	12

Reviews, evaluates, and makes recommendations on DoD Components' Program Objective Memoranda, budget requests, apportionment requests, and budget execution plans for all procurement appropriations and stock funds of the DoD.

Monitors the execution of the budget for the procurement appropriations and stock fund accounts.

Biographical Sketch
Richard A. Harshman

Mr. Harshman was born in Frederick, Maryland on September 7, 1935. He attended public schools in Arlington County, Virginia graduating from Washington-Lee High School in 1953. Mr. Harshman attended Richmond Professional Institute in Richmond, Virginia, 1954-56 and graduated from American University of Washington, D.C., in 1958 with a B.S. in Business Finance. He completed several graduate courses at American and George Washington Universities.

Mr. Harshman was employed as a Cost Accountant with the Stone Paper Tube Company, an industrial concern in Mt. Ranier, Maryland, for the period 1959-61. He then entered U.S. Government service with the Department of the Air Force Comptroller in 1961. Mr. Harshman was chosen to be a Junior Professional Assistant (JPA) and placed in an accelerated advancement program as a budget analyst trainee. He moved into more responsible positions in the Air Force financial management field, first as a financial analyst and then a budget analyst for tactical missile programs. His experience during this period centered on budget execution and computation of requirements for Air Force missile procurement programs. In 1968, Mr. Harshman accepted a budget analyst position with the Assistant Secretary of the Navy (Financial Management) with program and budget responsibility for the Shipbuilding and Conversion appropriation. After a year with the Navy financial organization he was selected to be a senior budget analyst with the Assistant Secretary of Defense (Comptroller) in the Procurement Directorate.

Mr. Harshman moved through ever-increasing complex program review responsibility within the Procurement Directorate, first in the electronics and communications programs, then tactical missile procurement and finally all strategic ICBM and Cruise missile procurement. He was promoted to the position of Deputy Director of the organization in November, 1971. After two years of service, Mr. Harshman was selected to be Director of the Procurement Directorate for the Assistant Secretary of Defense (Comptroller).

Mr. Harshman is married to the former Myra Springer of Arlington, Virginia, has two sons and resides in Fairfax, Virginia.

DIRECTORATE FOR RESEARCH AND DEVELOPMENT

Director

David J. Hessler

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	6	-	6
Clerical	<u>1</u>	<u>-</u>	<u>1</u>
Total	7	-	7

Reviews, evaluates, and makes recommendations on DoD Components' Program Objective Memoranda, budget requests, apportionment requests, and budget execution plans for all research, development, test, and evaluation appropriations of the DoD.

Monitors the execution of the budget for research, development, test, and evaluation appropriations.

Biographical Sketch
David J. Hessler

David J. Hessler was born in the District of Columbia on January 22, 1929. He attended St. Johns College Prep School, Georgetown University and was graduated from the University of Maryland in 1952 with a Bachelor of Science degree.

After graduation, he accepted a position as an analyst with the Assistant Secretary of State for Economic Affairs. From there in 1953 he was promoted to the Bureau of Security and Consular Affairs in the Department of State to take charge of their budget and administrative affairs.

In June, 1955, he transferred to the Department of Defense, accepting a position in the Research and Development Division of the Navy's Bureau of Ordnance, with responsibility for review of the field establishment budget for the Bureau's R&D facilities. Following a year and a half in BUORD, in 1957 he was promoted to the Navy Comptroller's Office. During the period 1957-60 he accepted positions of increasing responsibilities in the budget field including review and analysis of the Navy's Shipbuilding Program.

In June, 1960, he was appointed as a senior budget examiner in the Procurement Directorate of the Assistant Secretary of Defense Comptroller with responsibility for the Shipbuilding, Safeguard, and Ballistic Missile Programs.

In June, 1969, he was appointed Special Assistant to the Principal Deputy Assistant Secretary of Defense (Comptroller) with primary responsibility for the review of our military assistance programs for South Vietnam and Laos.

On May 18, 1973, he was appointed to his present position as Director for Research and Development (GS-17) in the Office of the Deputy Assistant Secretary of Defense (Comptroller). In this capacity he is responsible for the review of Department of Defense budget and apportionment requests relating to Research, Development, Test and Evaluation programs.

Mr. Hessler is married to the former R. Joyce McCabe. They have two daughters, Louise who is married to Lt. Robert J. Van Hooser (USA) and Diane who lives with them in Chevy Chase.

December 8, 1976

DIRECTORATE FOR OPERATIONS

Director Donald B. Shycoff

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	12	-	12
Clerical	<u>3</u>	<u>-</u>	<u>3</u>
Total	15	-	15

Reviews, evaluates, and makes recommendations on DoD Components' Program Objective Memoranda, budget requests, apportionment requests, and budget execution plans for the annual cost of operations and industrial funds of the DoD.

Monitors the execution of the budget for the operations accounts and industrial funds.

Coordinates overall operations justification to the Congress.

BIOGRAPHICAL SKETCH
DONALD B. SHYCOFF

Mr. Donald B. Shycoff was born in Haverhill, Massachusetts. He graduated from Syracuse University in 1953 with a Bachelor's degree in Political Science and attended post graduate school at the University of Illinois. Mr. Shycoff began his government career with the Navy Department in 1957.

Mr. Shycoff joined the Office of the Secretary of Defense (Comptroller) staff as an analyst in 1966. He was designated Director for Military Personnel in August 1973. He became Director for Operations in the Office of the Deputy Assistant Secretary of Defense (Program/Budget) in April 1974. The Directorate for Operations is responsible for review and analysis of budget programs and estimates for operation and maintenance and industrial funds of the Military Departments and Defense Agencies, including the related military and civilian manpower requirements.

Mr. Shycoff has received numerous awards and he received the Meritorious Civilian Service award in December 1975.

DIRECTORATE FOR MILITARY PERSONNEL

Director Lawrence P. Oube

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	5	-	5
Clerical	<u>2</u>	<u>-</u>	<u>2</u>
Total	7		7

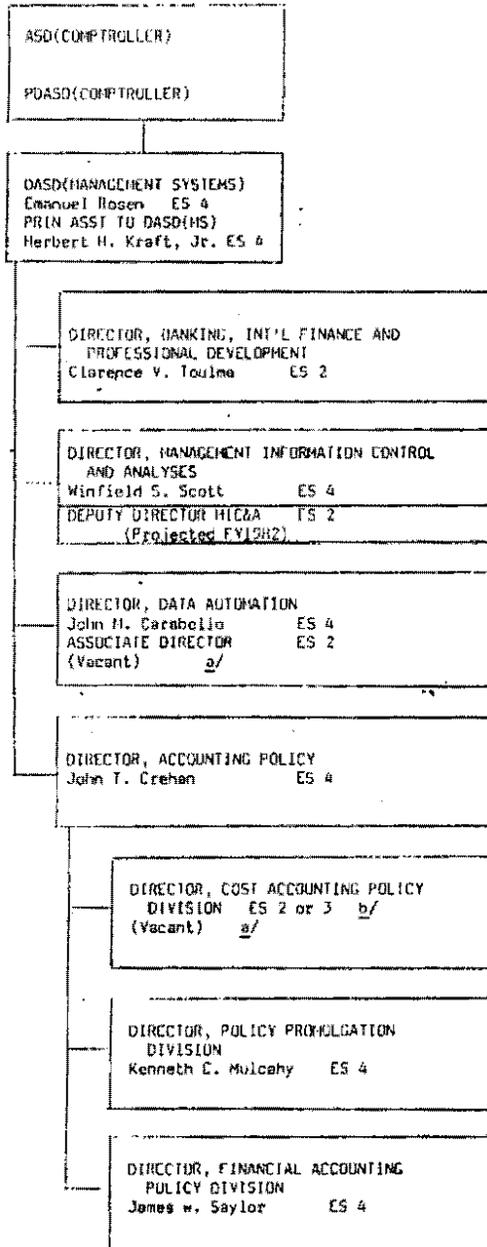
Reviews, evaluates, and makes recommendations on DoD Components' Program Objective memoranda, budget requests, apportionment requests, and budget execution plans for active duty military personnel, Reserve personnel, and retired military personnel appropriations of the DoD.

Monitors the execution of the budget for the appropriations identified above.

BIOGRAPHICAL SKETCH OF LAWRENCE P. DUBE

Mr. Dube was born in Nashua, New Hampshire in 1938. He received his BA Degree at the University of New Hampshire majoring in Political Science.

He began his career in the Federal Government in 1962 working in the budget field for various offices in the Department of Navy until 1968 when he joined the Comptroller staff in the Office of the Secretary of Defense (Operations Directorate). He became Director, Military Personnel in April 1974.



a/ Selection made by Management; in administrative processing and OPH review.
 b/ ES 2 if possible; if not, ES 3, as required under current guidelines.

OFFICE OF THE DEPUTY ASSISTANT SECRETARY
(MANAGEMENT SYSTEMS)

Principal Assistant Emanuel Rosen
Herbert H. Kraft, Jr.

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	2	-	2
Clerical	2	-	2
Total	4	-	4

Directs and supervises:

The development and implementation of the program for improving management systems in DoD.

The development of policies, systems and procedures for the management and accounting of resources and operations.

Military banking, credit union and international financial matters.

The policies and procedures for the procurement, use, and management of automatic data processing in DoD.

The development of information and analyses to assist DoD managers in appraising Defense performance.

Management information and reporting systems, both in DoD and by contractor, in support of weapon systems acquisition.

Control of management information systems within OSD and DoD.

The development of DoD-wide policies and plans for education and professional development in the Comptroller area.

EMANUEL ROSEN

BIOGRAPHICAL SKETCH

Mr. Rosen was born in Brooklyn, New York and attended the New York City Public Schools. He received his Bachelor of Arts degree from Brooklyn College and a Master of Arts degree in Economics from Columbia University. Subsequently, he attended various institutions in the Washington area studying budgeting, business administration and defense systems analysis.

Mr. Rosen started his government career as a management intern in the Department of the Navy's Bureau of Ships in 1953. He subsequently held various positions in the Department of the Navy as a budget analyst, budget officer and system designer. In his last position with the Department of the Navy, he was Director, Budget Policy and Procedures Division in the Office of Navy Comptroller.

In March 1975, he assumed the position of Principal Assistant for Management Systems in the Office of the Assistant Secretary of Defense (Comptroller).

On February 6, 1979, he was appointed to the position of Deputy Assistant Secretary of Defense for Management Systems.

Mr. Rosen is a resident of Potomac, Maryland.

BIOGRAPHICAL SKETCH

MR. HERBERT H. KRAFT, JR.

Mr. Herbert H. Kraft, Jr., was designated Principal Assistant to the Deputy Assistant Secretary of Defense (Management Systems) effective 25 March 1979. Mr. Kraft assists in directing a staff of systems accountants, financial experts and other professionals engaged in the development and oversight of DoD policy for accounting, automatic data processing, information control including acquisition management information and the provision of financial services on military installations worldwide, including serving as focal point with Treasury, OMB, GAO, GSA and NBS on all related policy and procedural matters.

Born on August 8, 1932, in Philadelphia, Pennsylvania, Mr. Kraft attended Philadelphia public schools, graduating from Central High School in 1950. He then attended Muskingum College, New Concord, Ohio, and was graduated cum laude with a Bachelor of Arts Degree in History and Economics in 1954. He continued his education at the Woodrow Wilson School of Public and International Affairs at Princeton University, graduating in 1956, with the Master in Public Affairs Degree.

In July 1956, he joined the Office of the Secretary of Defense as an Executive Trainee. From October 1956 to October 1959, he served on active duty with the U. S. Army. Mr. Kraft has served continuously since 1959 with the Office of the Secretary of Defense in progressively more responsible positions, as a program analyst, audit reports analyst, budget analyst, and financial economist. In June 1973, Mr. Kraft was named Special Assistant to the Principal Deputy Assistant Secretary of Defense (Comptroller), and later in January 1975 became the Director for Banking, International Finance and Professional Development, his most recent position.

Mr. Kraft attended the Industrial College of the Armed Forces, graduating in June 1970. While at the Industrial College, he also earned the degree of Master of Science in Business Administration from the George Washington University. In addition to his other academic training, he has attended the Federal Executive Institute, the Defense Resources Management Education Center, and the DoD Computer Institute.

He is married to the former Louise H. Knoke of New Rochelle, New York. They reside with their three children in Vienna, Virginia.

DIRECTORATE FOR BANKING, INTERNATIONAL FINANCE
AND PROFESSIONAL DEVELOPMENT

Director

C. V. Toulme

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	9	-	9
Clerical	<u>2</u>	<u>-</u>	<u>2</u>
Total	11	-	11

Develops, monitors, and implements, as required, policies and procedures for the delivery of banking and credit union services at military installations in the United States and overseas. Exercises direct control over the following aspects of military banking at overseas installations:

Determination of banking services to be provided and the fees and charges for those services.

Arranging for funding of banking services and selection of institutions to provide those services.

Continued oversight and periodic on-site review of military banking income, expense, and customer service.

Develops and monitors policies and prepares reports pertaining to such financial matters as custody, use and disposal of foreign currencies.

Establishes and monitors DoD policies and systems for the development and maintenance of a professional Comptroller organization through planned career staffing, development, and utilization, through transmission of the latest developments in financial and resource management to DoD schools; and through sponsorship of experimental and pilot seminars and symposia.

BIOGRAPHICAL SKETCH

MR. CLARENCE V. TOULME

Mr. Toulme was designated Director for Banking, International Finance and Professional Development, Office of the Assistant Secretary of Defense (Comptroller) effective 25 May 1980. Prior to that time, he was associated with the Office of the Assistant Secretary of the Army (Installations, Logistics, and Financial Management).

Mr. Toulme is responsible for developing and monitoring DoD policies and procedures for banks and credit unions which operate on DoD installations worldwide. In addition, he develops policies governing the use of certain foreign currencies by DoD agencies and other designated foreign financial matters in which DoD has interest. He is responsible for the formulation and development of education, training and career development programs for financial and resource management specialists throughout DoD.

Prior to his association with the Office of the Assistant Secretary of the Army, Mr. Toulme was on active duty with the United States Army assigned to the Finance Corps. In addition to various assignments at CONUS installations, he served in Europe, Canada, and Vietnam.

He is a graduate of Bowling Green College of Commerce, holding a Bachelor of Science degree in accounting. In addition, he has attended the Armed Forces Staff College, Norfolk, Virginia, and the Department of Defense Computer Institute, Washington.

Mr. Toulme resides with his family in McLean, Virginia.

DIRECTORATE FOR MANAGEMENT INFORMATION
CONTROL AND ANALYSIS

Director Winfield S. Scott

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	17	-	17
Clerical	<u>4</u>	<u>-</u>	<u>4</u>
Total	21	-	21

Develops policies for management and control of the DoD information program to comply with applicable public laws and OMB Circulars. Represents DoD in development of related Federal policies and criteria.

Develops and monitors the DoD-wide information management improvement program.

Develops policies for the DoD Data Element and Code Registration and Standardization Program. Serves as the approval authority for standard data elements and codes within DoD.

Develops policies for management information reporting and management systems in support of weapons systems acquisitions, including those subject to Selected Acquisition Report (SAR) requirements.

Develops policies and promulgates criteria for cost and schedule management control systems used by Defense contractors. Monitors implementation of contractor cost performance reporting systems.

Develops policies for the preparation and dissemination of statistical information used for management purposes in the Department of Defense and transmitted to Congress, the public and other Government agencies.

Prepares summaries of management information and analyses for the Secretary of Defense and key OSD officials on a periodic basis.

Provides OASD(C) membership and support to CAIG activities.

BIOGRAPHY

WINFIELD S. SCOTT is Director for Management Information Control and Analysis, Office of the Comptroller (DoD). He is responsible for providing leadership and direction in the development and administration of management information systems, acquisition management cost performance measurement systems, summary executive management information systems, and DoD information control.

He came to the Office of the Secretary of Defense (OSD) after retirement from the Army as a Brigadier General. Mr. Scott's first assignment in OSD was that of Special Consultant to the Deputy Secretary of Defense (DepSecDef) and Advisor to the Chairman of the Acquisition Advisory Group, a panel of experts commissioned by the DepSecDef to review major weapons systems acquisition management interfaces within the Department of Defense and make appropriate recommendations. His last assignment in the Army was that of organizer and first Commandant of the Defense Systems Management School, a school established by the Honorable David Packard, when he was the Deputy Secretary of Defense, for the express purpose of improving weapons systems acquisition management in the Department. Immediately prior to his duties as Commandant, Mr. Scott served: as Tri-service Project Manager for the 2.75 inch Rocket System for three years; a three-year tour of duty as principal Mid-range Logistic Planner on the staff of the J-4 of the Organization of the Joint Chiefs of Staff; Ordnance Officer, Military Assistance Command, Vietnam and Senior Ordnance Advisor to the Chief of Ordnance, Republic of Vietnam Armed Forces; and in a series of logistic and operational assignments with the United States for over 20 years.

He received a B.S. in Military Engineering from the United States Military Academy, an M.S. in Electrical Engineering from Northwestern University, and an MBA from George Washington University. He also attended the Management Program for Executives, Graduate School for Business, University of Pittsburgh.

Contact at: Directorate for Management Information Control and Analysis
Office of the Assistant Secretary of Defense (Comptroller)
Department of Defense
Washington, D.C. 20301
(202) 697-6107

10/10/79

DIRECTORATE FOR DATA AUTOMATION

Director John M. Carabello

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	7	-	7
Clerical	<u>2</u>	<u>-</u>	<u>2</u>
Total	9	-	9

Develops and oversees the implementation of policies, plans and standards associated with the administration of the DoD ADP Program.

Serves as liaison for DoD with other Government agencies, Congress and private industry on broad national and federal ADP policy issues.

Provides advice and analysis regarding the continuation, termination or redirection of major automated information systems throughout DoD.

Conducts studies aimed at strengthening ADP resource management throughout DoD.

Works with USDR&E and ASD(C³I) staff to improve the management of computer resources embedded in major weapons systems.

BIOGRAPHY

JOHN M. CARABELLO is the Director for Data Automation in the Office of the Assistant Secretary of Defense (Comptroller). He is responsible for developing policies and plans for the administration of Defense ADP resources.

He was promoted to his present position in September 1977 after serving from September 1973 as the Director of ADP Policy, Technology and Standards -- one of the three Divisions he now heads. Prior to joining the Office of the Assistant Secretary of Defense (Comptroller) in 1970, he worked in the Navy's Office of Information Systems Planning. He entered the public service with the Department of the Navy as a Federal Management Intern in 1965.

He completed his undergraduate studies at Albright College in 1964. In 1977, he received an M.P.A. degree in management systems from the University of Southern California.

DIRECTORATE FOR ACCOUNTING POLICY

Director John T. Crehan

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	16	-	16
Clerical	<u>4</u>	<u>-</u>	<u>4</u>
Total	20	-	20

Develops accounting policies, principles, and standards. Reviews and recommends for approval financial management systems integrating accounting, financial reporting, appropriated funds, working capital funds, and property of the DoD. These policies and principles govern:

The integration of resource management and financial systems.

Use of working capital funds.

Cost accounting and transfer pricing.

Collections and expenditures of funds.

The administrative control of funds.

Uniform account structures and classification.

Financial inventory accounting and reporting for expense and investment items, including Government-owned property in possession of contractors.

Pricing of foreign military sales and user charges.

Accounting for nonappropriated funds.

BIOGRAPHICAL SKETCH

JOHN T. CREHAN

Mr. John T. Crehan is the Director for Accounting Policy, OASD (Comptroller). He was appointed to that position on February 12, 1975. Prior to joining OSD, Mr. Crehan was with the Defense Contract Audit Agency (DCAA), where he held various positions in its Headquarters offices at Cameron Station, Alexandria, Virginia. His last assignment with DCAA was as the Regional Manager of the New York Region. Mr. Crehan has also served with the U.S. Army Audit Agency and a national firm of Certified Public Accountants. He holds a BS degree from Duquesne University and is a Certified Public Accountant. He is a member of the American Institute of Certified Public Accountants, the Association of Government Accountants, and the Armed Services Military Comptrollers Association.

ASD(COMPTROLLER)
PDASD(COMPTROLLER)

DASD(AUDIT) ES 4
(Vacant)

DEPUTY COMPTROLLER FOR
AUDIT POLICY ES 4
* Raymond E. Schmidt

DIRECTOR, CONTRACT AUDIT
POLICY ES 4
* Raymond E. Schmidt

DIRECTOR, INTERNAL AUDIT
POLICY ES 4
Charles D. Woehle

* Deputy Comptroller for Audit Policy and acts as Director, Contract Audit Policy

OFFICE OF THE DEPUTY ASSISTANT SECRETARY
(AUDIT)

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	1	1	2
Clerical	<u>1</u>	<u>-</u>	<u>1</u>
Total	2	1	3

Directs and supervises:

-- Contracts Audit and Internal Audit policies and plans.

-- The planning, development, and issuance of policies and procedures for the guidance and direction of DoD audits of interservice and Defense-wide programs, the Security Assistance Program, and other significant areas concerning either DoD activities or contractor costs.

-- The coordination of audit programs and schedules within the DoD internal audit organizations and between the DoD internal audit organizations and the GAO.

-- The providing of advisory internal audit service to the Office of the Secretary of the Defense and other DoD components.

-- The performance of special audits of selected areas by Defense audit organizations.

-- The evaluation of GAO and other audit reports, the preparation of comments thereon and the follow-up on corrective actions.

-- Liaison with the GAO, State Department, and military department activities on matters relating to internal audits of the Security Assistance Program and interservice and special audits performed or directed.

BIOGRAPHICAL SKETCH

James H. Curry

Mr. Curry was selected on December 21, 1979, as the Deputy Director of the Defense Audit Service (DAS). In this position he is responsible for all operational aspects of DAS and works closely with the Director on policy matters.

Mr. Curry previously held the Regional Manager's position in Europe with DAS. Prior to that he headed up the Pacific Office with OSD Audit during the Vietnam Conflict. In 1971 he was awarded the Medal for Civilian Service in Vietnam by Ellsworth Bunker.

Mr. Curry began his Government auditing career with the General Accounting Office in 1959. He subsequently held positions in the General Services Administration and with OSD Audit before his present assignment with the Defense Audit Service. Mr. Curry is a graduate of Susquehanna University, and received a Masters of Business Administration from the University of Pennsylvania. He is a Certified Public Accountant and a Certified Internal Auditor.

Mr. Curry is a native of Hershey, Pennsylvania. He is married and the Curry's have one son, who is currently enrolled in Gettysburg College.

Currently, Mr. Curry is holding the position of Acting Deputy Assistant Secretary of Defense (Audit) and Acting Director, Defense Audit Service.

DEPUTY COMPTROLLER FOR AUDIT POLICY

Raymond E. Schmidt

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	1	-	1
Clerical	1	-	1
Total	2	-	2

Develops policies and plans for contract and internal auditing within the DoD.

Analyzes, evaluates and coordinates audit organizations, programs, operations and reports of the DoD.

Sponsors periodic planning meetings of DoD internal audit groups to coordinate audits of common functions or activities.

Summarizes for key officials highlights of internal audit reports from Defense components and provides follow-up information on action taken on significant matters included in audit reports.

Provides guidance on recruiting, career development and staff management of auditors.

Prescribes audit cognizance assignments for Defense agencies and joint activities.

Participates in development of procurement policies, especially cost principles relating to contract auditing.

Represents the DoD audit community in governmental audit and professional organization meetings concerned with current audit trends.

RAYMOND E. SCHMIDT

Biographical Sketch

After World War II service as a pilot in the China-Burma-India theater, Mr. Schmidt was a corporate auditor for the Reynolds Metals Company, Richmond, Virginia until his recall to active duty with the U.S. Air Force during the Korean War.

Mr. Schmidt joined the staff of the U.S. Air Force Auditor General in a civilian capacity in 1953 and performed both internal and contract audit assignments at its District Headquarters in New York City, and at field locations within the District, including offices at the ITT Federal Laboratories and RCA Corporation. He was Chief of the New Jersey Branch Office, USAF Auditor General, from 1964 to 1965 when he transferred to the newly established Defense Contract Audit Agency.

Joining the Office of the Assistant Secretary of Defense (Comptroller) in 1966, Mr. Schmidt has had responsibility for audits of Defense agencies and Defense-wide interservice audits of assigned functional areas. He is currently Assistant for Audit Policy as well as Director, Contract Audit Policy.

Mr. Schmidt received a BS degree in Business Administration with high honors from Rutgers University where he majored in accounting. He is a member of the Association of Government Accountants, Northern Virginia Chapter. A native of New Jersey, he currently resides in Fairfax County, Virginia, with his wife Catherine and their five children.

DIRECTORATE FOR INTERNAL AUDIT POLICY

Director Charles D. Woehrle

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	6	-	6
Clerical	<u>1</u>	<u>-</u>	<u>1</u>
Total	7	-	7

Develops policies and objectives with respect to internal auditing in the DoD.

Provides technical guidance to the DoD internal audit organizations as representative of the ASD(Comptroller).

Assures that all Defense components and activities are subject to appropriate internal audit coverage.

Monitors and coordinates the audit activities of the DoD audit components, including their joint programming activities. Chairs periodic programming meetings.

Reviews the operations of the Defense internal audit organizations for conformance with DoD audit policies and objectives.

Reviews internal audit reports for compliance with DoD audit reporting standards, and disseminates significant audit results and trends to the Secretary of Defense and Deputy Secretary of Defense and to interested DoD officials.

Provides guidance on staff qualifications, recruiting, career development and staff management, and develops and directs DoD joint audit training activities.

Provides assistance and guidance with respect to any matters relating to the effective performance of the internal audit mission.

BIOGRAPHICAL SKETCH

Charles D. Woehrle

Director for Internal Audit Policy

Charles D. (Chuck) Woehrle was appointed to the position of Director for Internal Audit Policy on January 1, 1978. He has served the DoD Comptroller and the Deputy Assistant Secretary of Defense (Audit) since 1967, 6 years in the management of interservice audits, and six in the development and monitoring of DoD internal audit policies. Mr. Woehrle's professional accounting background also includes 12 years of supervisory level audit experience with the Army Audit Agency and 6 years of senior level experience with a firm of Certified Public Accountants.

Mr. Woehrle is a graduate of St. Louis University (Bachelor of Science with major in finance and accounting). He is a Certified Internal Auditor and is an active member of the Association of Government Accountants, currently serving as Chairman of the National Task Force on Operational Auditing and as a member of the National Education Board. He has developed an AGA course on Operational Auditing and conducts lectures on the subject at DoD and AGA auditor training courses. He is a member of the Board of Directors of the Pentagon Federal Credit Union and formerly served as chairman of its supervisory (audit) committee.

He served as an officer and an aviator with the U.S. Marine Corps in combat during World War II and the Korean conflict.

Mr. Woehrle was born in Overland, Missouri. He and his wife, the former Bettie Copeland, reside in Vienna, Virginia.

DIRECTORATE FOR CONTRACT AUDIT POLICY

Director Raymond E. Schmidt

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	4	-	4
Clerical	-	-	-
Total	4	-	4

Develops policies and procedures to be followed in matters relating to audit of Defense contractors' records; and provides technical guidance to the Defense Contract Audit Agency (DCAA) as representative of the ASD (Comptroller). Reviews and evaluates audit instruction developed by DCAA to assure consistency with DoD policies.

Evaluates the effectiveness of contract audit support of procurement by determining the degree of utilization by procurement and the adequacy of the support furnished, for the purpose of recommending changes in policy.

Participates with OUSD(R&E) staff in the development of procurement regulations or instructions related to contract audit or contract cost practices. Services on standing Armed Services Procurement Regulation subcommittees or ad hoc committees.

Evaluates GAO reports and DoD responses which involve contract audits.

Participates in developing DoD position on proposed issuances by the Cost Accounting Standards Board. Participates in developing implementing instructions on standards, rules or regulations issued by the Board.

Maintains liaison with ASD offices, military departments, Defense agencies, Government groups, industry groups, university groups and public accounting associations/firms with respect to matters affecting the pricing or costing of contracts or the auditing of costs incurred or proposed thereunder.

ASD(COMPTROLLER)
PDASD(COMPTROLLER)

DASD(ADMINISTRATION) ES 4
David O. Cooke

DIRECTOR, ORGANIZATIONAL AND
MANAGEMENT PLANNING ES 4
Arthur H. Ehlers

HISTORIAN ES 4
Alfred Goldberg

DIRECTOR, DEFENSE PRIVACY
BOARD ES 4
W. T. Cavaney

OFFICE OF THE DEPUTY ASSISTANT SECRETARY
(ADMINISTRATION)

D. O. Cooke

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	2	-	2
Clerical	<u>1</u>	<u>-</u>	<u>1</u>
Total	3	-	3

The Deputy Assistant Secretary of Defense (Administration) serves as the principal staff assistant within the Office of the Secretary of Defense for administration and management matters, and as such:

Carries out assigned coordinating responsibilities and special assignments for the Secretary and Deputy Secretary of Defense and for the Assistant Secretary of Defense (Comptroller).

Advises the Secretary and Deputy Secretary of Defense on organizational and management matters in the DoD.

Directs Washington Headquarters Services which:

Provides administrative support to OSD, OJCS, and other assigned activities within the NCR.

Provides policy supervision and manages common facilities and services within the NCR.

October 1979

DAVID O. COOKE
Deputy Assistant Secretary of Defense
(Administration)

Mr. Cooke has been involved in Defense management since 1958 when he was a member of Secretary of Defense McElroy's task force on reorganization which led to the passage of the DoD Reorganization Act of 1958. In 1959 he developed a DoD policy reference book for Secretary of Defense Gates and in 1960 served on special DoD reorganization study groups under Mr. Gates.

In January 1961, Mr. Cooke was assigned to the Office of Organizational and Management Planning. This was the office responsible during the McNamara era for the establishment of the Defense Intelligence Agency, the Defense Supply Agency, the Defense Contract Audit Agency and other major organizational changes in Defense. In the summer of 1964, Mr. Cooke became Director of Organizational and Management Planning and in January 1969 he was named Deputy Assistant Secretary of Defense (Administration).

Among the major Defense reorganizations in the 1970's for which Mr. Cooke had responsibility for planning and implementing were the Defense Civil Preparedness Agency, the Defense Mapping Agency and the Defense Investigative Service, as well as overall DoD headquarters realignments. As Chairman of the Defense Investigative Review Council from 1971-78, he played a major role in shaping both policy and programs for counterintelligence and related investigatory activities. He has been a principal DoD spokesman before Congressional committees on these policies and programs as well as related security matters.

Mr. Cooke has frequently served as the senior Defense representative on important interagency groups, including the Interagency Classification Review Council, President Ford's Intelligence Operations Group, and the National Study Commission on Records and Documents of Public Officials. He is the Defense member of the interagency Assistant Secretaries' Management Group.

As the Deputy Assistant Secretary of Defense (Administration) Mr. Cooke serves in a dual capacity as the Director, Washington Headquarters Services (WHS) which was established as a field activity of the Office of the Secretary in 1977. The WHS mission is to provide administrative and operational support to certain Defense activities in the National Capital Region. Such support includes budget and accounting, personnel management, office services, security, records management, travel, computer services, information and data systems and other administrative support.

Mr. Cooke has been awarded the DoD Distinguished Service Medal -- the highest department career award -- three times. He also holds the Secretary of Defense Medal for Outstanding Public Service -- an award rarely conferred on a career official.

Mr. Cooke is a graduate of New York State University College at Buffalo, New York (B.S., 1941) and received an M.S. from New York State University at Albany, New York in 1942. He received his law degree from the George Washington University Law School in 1950 where he was a member of the Law Review and Order of the COIF. He is a member of the District of Columbia Bar, the Court of Appeals for the District of Columbia and the Court of Military Appeals.

Mr. Cooke is a retired Captain, United States Navy. During his active duty he served in a wide variety of assignments mainly involving legal duties.

Mr. Cooke is married to Marion McDonald Cooke, also a lawyer. They have three children: Michele, Lot and David. He currently resides at 1412 23rd Road South, Arlington, Virginia.

Mr. Cooke is a member of the American Bar Association, the U. S. Maritime Law Association, the Federal Bar Association, and the American Society for Public Administration.

By virtue of his very high level experience in the Pentagon since 1957, Mr. Cooke is familiar with Defense problems across the board and has developed close personal relationships with most of the present civilian and military leaders within DoD.

DIRECTORATE FOR ORGANIZATIONAL AND
MANAGEMENT PLANNING

Director Arthur H. Ehlers

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	7	2	9
Clerical	<u>2</u>	<u>1</u>	<u>3</u>
Total	9	3	12

Conducts studies, develops plans, and recommends changes with respect to DoD organization structure and management practices.

Provides policy guidance, planning, and coordination for the DoD Emergency Preparedness Program.

Supervises and coordinates the DoD Committee Management Program.

Analyzes and controls manpower requirements for OSD, OJCS, and activities assigned to OSD for administrative support.

ARTHUR H. EHLERS

Title: Director for Organizational and Management Planning,
Office of the Assistant Secretary of Defense (Comptroller)

Responsibilities:

Directs a staff within the Office of the Secretary of Defense having responsibility to conduct reviews, make evaluations, and develop recommendations for the Secretary concerning the organization, functions, and management of DoD activities and programs.

Background:

- 18 years of Federal service
- Began as civilian personnel specialist under the Army Chief of Staff
- Tour with Dept of HEW -- assigned a variety of management and personnel responsibilities
- Entered Office, Secretary of Defense 1965 with similar responsibilities
- Moved to present organization in 1969
- Became Director 1973

HISTORICAL STAFF

Historian Alfred Goldberg

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	3	-	3
Clerical	<u>1</u>	<u>-</u>	<u>1</u>
Total	4	-	4

Prepares and maintains historical records and reports for OSD.

Coordinates the historical activities of the DoD.

Represents the DoD on matters related to history.

Performs special assignments.

ALFRED GOLDBERG
OSD HISTORIAN

U.S. Army and Army Air Forces - 1942-46 - Private to Captain

U.S. Air Force Reserve - 1946-78

Ph.D - The Johns Hopkins University - 1950

U.S. Air Force Historical Division - 1946-65

Chief of Current History Branch - 1950-63

Senior Historian - 1963-65

Visiting Fellow - Kings College, University of London, 1962-63

Social Science Council Research Fellowship - 1962-63

Staff Member, Warren Commission - 1964

Lecturer, University of Maryland - 1953-65

Lecturer, UCLA - 1968

Lecturer, University of Southern California - 1966-69

Rand Corporation - Senior Staff Member, 1965-73

OSD Historian - 1973-

Publications:

Co-author, The Army Air Forces in World War II (7 vols.)

Editor, A History of the U.S. Air Force, 1907-1957

Co-editor, The Department of Defense: Documents on Establishment and Organization, 1944-1978

Articles and reviews in books, journals, and encyclopedias

DEFENSE PRIVACY BOARD

W. T. Cavaney

	<u>Civ</u>	<u>Mil</u>	<u>Total</u>
Professional	2	1	3
Clerical	<u>1</u>	<u>-</u>	<u>1</u>
Total	3	1	4

Directs and administers the DoD Privacy Program under the Deputy Assistant Secretary of Defense (Administration). The Privacy Program was established by DoD Directive 5400.11 to ensure compliance with the Privacy Act of 1974 (5 U.S.C. 552a).

DoD policy for the Privacy Program is developed by the Defense Privacy Board. The Chairman is the Deputy Assistant Secretary of Defense (Administration); members consist of representatives from the Military Departments, the Defense Logistics Agency, the Assistant Secretary of Defense (MRA&L), and the General Counsel of the DoD. The Director of the Defense Privacy Office serves as Executive Secretary of the Board. The Chairman speaks for the Board on policy matters; the Executive Secretary on administrative matters.

BIOGRAPHY

William T. Cavaney

Mr. Cavaney is a native of Chicago, Illinois, and a graduate of the University of Chicago where he received an AB and JD. He is a member of the Illinois Bar. During World War II he served on active duty as a Naval Reserve Officer. He has been employed in various Components of the Department of Defense, as an investigator, attorney, intelligence and security analyst and is currently Executive Secretary of the Defense Privacy Board.

DEFENSE CONTRACT AUDIT AGENCY

The Defense Contract Audit Agency authorized personnel strength is 3,575

DEFENSE CONTRACT AUDIT AGENCY

The Defense Contract Audit Agency authorized personnel strength is 3,575

FACT SHEET
DEFENSE CONTRACT AUDIT AGENCY
(DCAA)

DCAA was established as a separate agency in the Department of Defense in 1965 by DoD Directive 5105.3b; prior to that time its functions were performed by the three military departments and DLA. It was created principally to provide more independence, objectivity and consistency in advisory audit recommendations to procurement personnel regarding contractor costs, and to effect other operating improvements. Its Director is responsible to the Assistant Secretary of Defense (Comptroller).

The Agency audits about 9,600 business enterprises, including many large defense contractors such as Lockheed, Boeing, General Dynamics, and McDonnell Douglas. The results of the audits are provided to procurement and contract administration components for use in negotiation, administration and settlement of contracts and subcontracts. These contract audit services are also furnished a number of other Government agencies to avoid duplication. DCAA is the only Agency with which defense contractors deal on audit matters.

The principal specific functions of the Agency are:

Review of pricing proposals (in FY 79 the Agency reviewed about 29,000 proposals for approximately \$98 billion),

Audit of costs incurred under Government contracts (approximately \$34 billion audited in FY 79),

Review of the adequacy of contractors' accounting and financial management systems and estimating procedures,

Review of contractors' compliance with regulations and promulgated standards of the Cost Accounting Standards Board established by Public Law 91-379, and

Audit of contractors' compliance with Public Law 87-653 ("Truth in Negotiations").

In fiscal year 1979 savings as a result of audit recommendations were \$3.4 billion, representing a return of 33 to 1 on amounts expended for operation of the Agency. DCAA audits include reviews of the economy and efficiency of contractor operations; in 1972 the General Accounting Office confirmed the appropriateness of the longstanding practice of DCAA to include such reviews in its audit programs, and in 1975 recommended the Agency give them greater priority.

Approximately 3,400 persons are employed in 390 locations throughout the United States and overseas; 77 field offices are located in the plants of the larger contractors. Operations are highly decentralized--audit reports are signed and released at the field office level; supervision is provided through six regional offices and the Headquarters in Cameron Station, Alexandria, Virginia.

Over 60 percent of DCAA's personnel are auditors, GS-510, for which recruiting is normally from college graduates with accounting majors. About 560 are certified public accountants and many others are training for the examination.

Progressive programs for technical guidance and professional career development are maintained--a contract audit manual is published by Headquarters; a training facility for contract auditing is operated in Memphis, Tennessee; a cadre of auditors conducts research in advanced audit techniques, especially those in which computers are involved; training and career development of all auditors is carefully planned and monitored; and a program for development of top executives is maintained through a system of education, on-the-job training, evaluation and counseling, and rotational assignments. The DCAA executive development program was recently surveyed by the Civil Service Commission and received an unusual outstanding rating accompanied by letters of commendation from the Chairman of the Civil Service Commission and the Secretary of Defense.

The Director is Mr. Frederick Neuman, CPA; Mr. Charles O. Starrett, Jr., CPA, is the Deputy Director.

10079

FREDERICK NEUMAN
Biographical Sketch

Frederick Neuman is the Director of the Defense Contract Audit Agency (DCAA). This Agency is responsible for all contract auditing in the Department of Defense, and also performs this service for many other Federal departments and agencies.

After graduating from the College of the City of New York with a Bachelor of Business Administration degree, he was associated with a firm of Certified Public Accountants in that city for about four years. In 1942, he accepted a position as auditor with the old Army Air Corps in Pennsylvania. He remained with the Army Air Corps audit organization until it was absorbed by the U.S. Army Audit Agency (USAAA) in 1946. He served with the USAAA until January 1965, where his last position was Chief, Procurement Audits Division of the Headquarters office in Washington, D.C.

In January 1965, he was appointed to the planning group which was formed to establish DCAA. He held four prior positions of high responsibility in the Headquarters organization of the newly formed Defense Agency before being appointed to his present post as Director on 1 August 1976.

Mr. Neuman is a Certified Public Accountant in the State of New York, a charter member of the New York Association of Government Accountants (AGA), formerly a member of the Washington Chapter (AGA), and currently a member of the Montgomery-Prince Georges Chapter (AGA). He has served as chairman of several committees at the national level of AGA, and is National President-Elect for the 1979-1980 term.

He is active as a speaker at many professional meetings and serves as a panel member during various seminars on professional subjects. For many years Mr. Neuman has been a guest lecturer at the Defense Systems Management School at Fort Belvoir, Virginia, and the U. S. Army Judge, Advocate General's School at Charlottesville, Virginia. In addition, he lectures at university-sponsored educational programs as well as those conducted by professional organizations.

In recognition of his contributions and excellent performance, Mr. Neuman received many awards and citations during his Government career. In 1970 he was given the Distinguished Civilian Service Award and Gold Medal for his performance in the Defense Contract Audit Agency during the period July 1965 through December 1970. On 18 December 1979 he was awarded the Secretary of Defense Meritorious Civilian Service Medal.



DEFENSE AUDIT SERVICE

TRANSITION TEAM

**BRIEFING
MATERIAL**

"Serving Management"

TABLE OF CONTENTS

	<u>Tab</u>
<u>History of Internal Audit in DoD</u>	A
- Extract of Title 10, U.S. Code, Section 136	
- Former Placement of Audit Organizations in DoD	
- Deputy Secretary Decision - August 1976	
- Impact of Deputy Secretary's Decision	
- Defense Audit Service Charter (DODD 5105.48)	
<u>Organization Structure</u>	B
- Audit Responsibilities	
- Defense Audit Service Organization Chart	
- Description of Major Organizational Units	
- Semiannual Audit Plan	
<u>Personnel Requirements</u>	C
- Summary	
- Assessment of Workload & Manpower Requirements	
- Personnel End Strengths FY 1977-82	
- Employee Professional Profile	
<u>Accomplishments</u>	D
- Summary Report of Operations FY 1979	
- Index of Audit Reports Issued in FY 1980	
<u>Program and Budget Information</u>	E
<u>Major Issues</u>	F
- Manpower Resources	
- Organizational Placement of DAS Within DoD	

HISTORY OF INTERNAL AUDIT

IN DOD

Responsibility of the ASD(C) for Audit Functions

Title 10, U.S. Code, Section 136

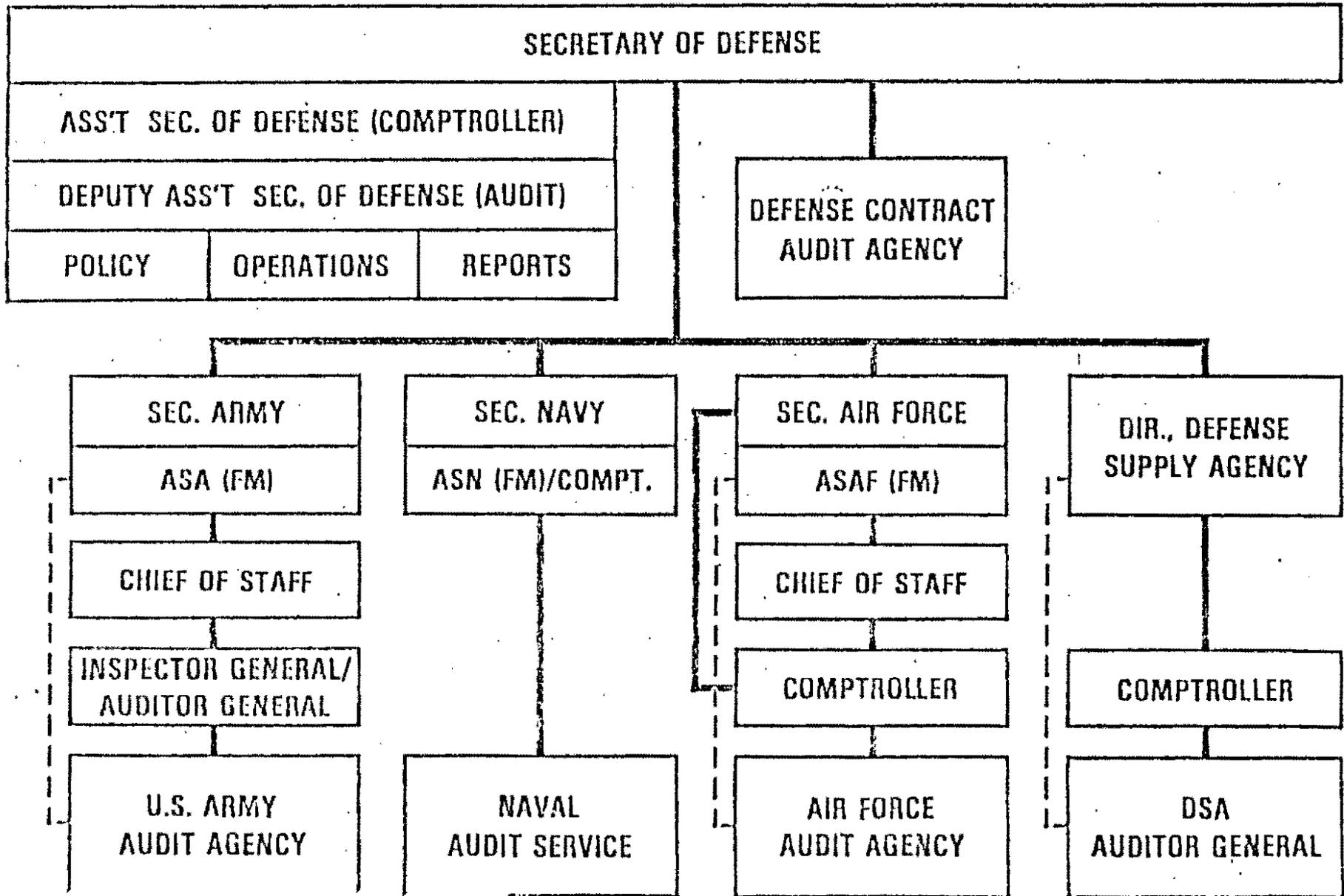
S 136. (b). ...one of the Assistant Secretaries shall be the Comptroller of the Department of Defense and shall, subject to the authority, direction, and control of the Secretary --

(3) establish and supervise the execution of principles, policies, and procedures to be followed in connection with organization and administrative matters relating to --

(D) internal audit

(Internal audit as used in the context of the code includes all auditing performed by DoD personnel.)

PLACEMENT OF AUDIT ORGANIZATIONS IN THE DEPARTMENT OF DEFENSE



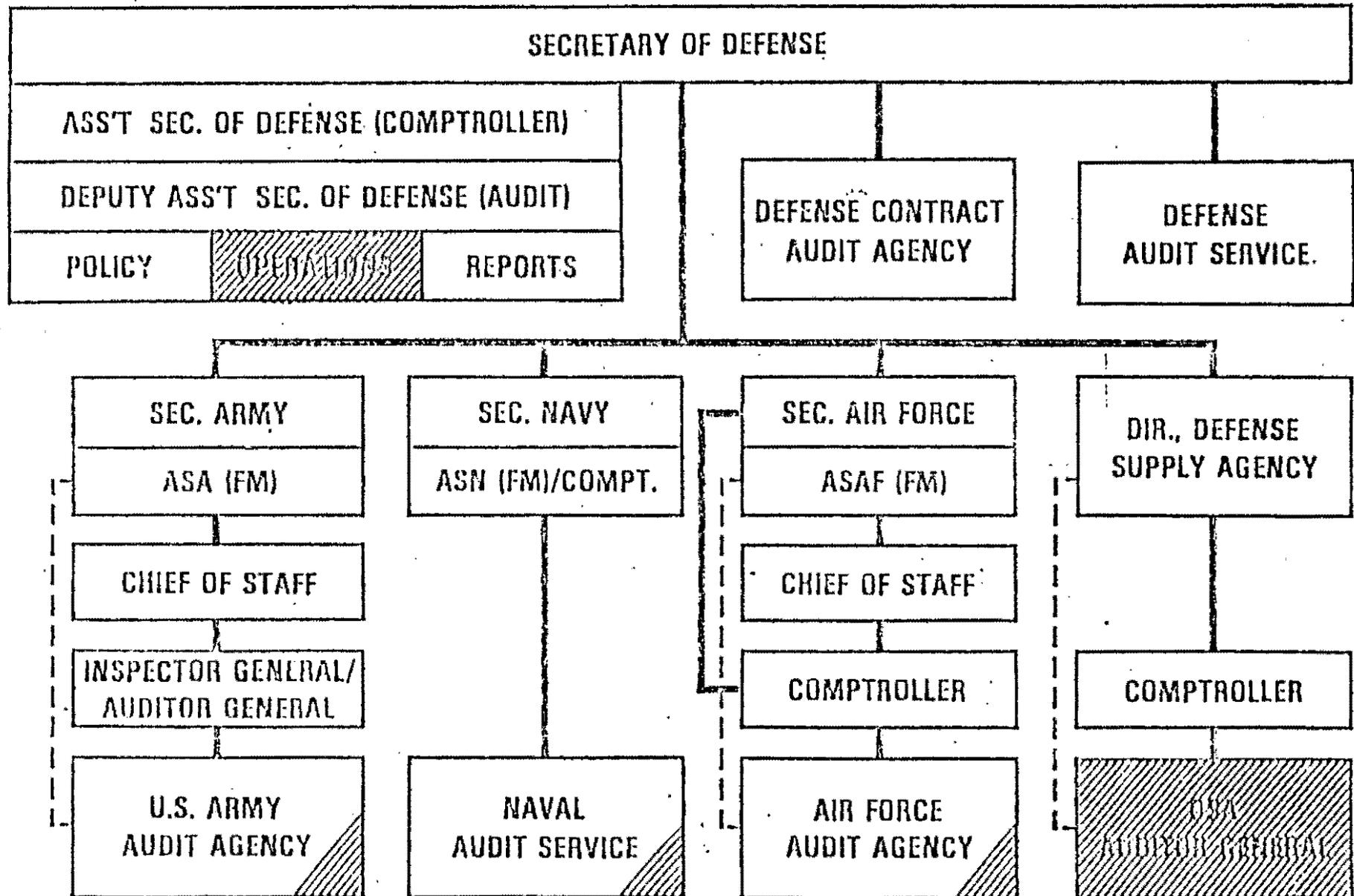
**DECISION MEMORANDUM OF
DEPUTY SECRETARY CLEMENTS**

AUGUST 17, 1976

APPROVES PLAN TO:

- **STRENGTHEN THE INTERSERVICE AUDIT PROGRAM**
- **STANDARDIZE THE AUDIT ARRANGEMENT FOR DEFENSE AGENCIES**
- **ESTABLISH AN INDEPENDENT CORPORATE AUDIT STAFF**

PLACEMENT OF AUDIT ORGANIZATIONS IN THE DEPARTMENT OF DEFENSE



SECRETARY OF DEFENSE

ASST SEC OF DEF
(COMPTROLLER)

DEP ASST SEC OF DEF
(AUDIT)

DEFENSE AUDIT
SERVICE

DEF CONTRACT
AUDIT AGENCY

SEC OF
ARMY

SEC OF
NAVY

SEC OF
AIR FORCE

ASA
(IL&FM)

CHIEF OF
STAFF

ASN (FM)
& COMPT

ASAF
(FM)

AAA

NAS

AFAA



October 14, 1976
NUMBER 5105.48

ASD(C)

Department of Defense Directive

SUBJECT Defense Audit Service (DAS)

References: (a) DoD Directive 7600.2, "Department of Defense Audit Policies," August 19, 1965
(b) DoD Instruction 7600.3, "Internal Audit in the Department of Defense," January 4, 1974

I. GENERAL

Pursuant to the authority vested in the Secretary of Defense, the Defense Audit Service (DAS) is hereby established as an Agency of the Department of Defense under the direction, authority, and control of the Secretary of Defense.

II. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Defense Agencies, and the Unified/Specified Commands (hereinafter referred to as "DoD Components").

III. ORGANIZATION AND MANAGEMENT

- A. The DAS shall consist of: a Director, a headquarters establishment, and such subordinate elements as are established by the Director, DAS, for the accomplishment of DAS's mission.
- B. The Director, DAS, will be a civilian appointed by the Secretary of Defense.
- C. The Director, DAS, shall report to the Secretary of Defense.

IV. RESPONSIBILITIES AND FUNCTIONS

- A. The Director, DAS, shall organize, direct, and manage the DAS and all elements and resources assigned to the DAS.

B. In accordance with references (a) and (b) the Director, DAS, shall:

1. Plan and perform internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified/Specified Commands, and the Defense Agencies.
2. Plan and perform interservice audits in all DoD Components.
3. Plan and perform quick response audits on matters of special interest to the Secretary of Defense.
4. Plan and perform audits of the Security Assistance Program at all levels of management.
5. Plan and perform such other audits as requested.

C. The Assistant Secretary of Defense (Comptroller), shall provide staff supervision in the establishment and execution of principles, policies, and procedures.

D. All DoD Components shall provide, within the scope of their assigned functional responsibilities, appropriate assistance, and logistical and administrative support to the Director, DAS, as required to carry out the responsibilities of the DAS.

V. RELATIONSHIPS

A. The Director, DAS, shall:

1. Coordinate actions, as appropriate, with DoD Components having collateral or related functions.
2. Maintain active liaison for the exchange of information and advice with DoD Components, as appropriate.

B. Programming, budgeting and financing for support of DAS operations will be in accordance with policy guidance prescribed by the Assistant Secretary of Defense (Comptroller).

C. Field offices will be collocated with appropriate Defense Components where possible and full use made of established facilities and services in the Defense Components.

VI. AUTHORITIES

A. The Director, DAS, shall have authority for selection of personnel for appointment to the DAS.

- B. In performance of his responsibilities and functions the Director, DAS, or his designees are authorized:
1. Direct access to and communications with other DoD Components and, after appropriate coordination, with other executive departments and agencies concerned with his assigned responsibilities and functions.
 2. To obtain such information from any DoD Components as may be necessary in the performance of DAS functions. The sensitivity of any activity should not act as a bar to the prompt and effective conclusion of any audit evaluation. Properly cleared auditors of the DAS have a "need to know" about any activity which affects their evaluation of DoD operations.

VII. ADMINISTRATION

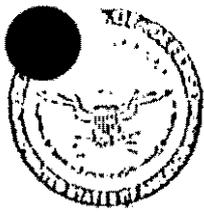
- A. DAS will be provided such personnel, facilities, funds, and other administrative support as the Secretary of Defense deems necessary.
- B. The Deputy Assistant Secretary of Defense (Administration) will provide necessary administrative support to the DAS.

VIII. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. In the event of conflict between this Directive and previous directives and instructions, the provisions of this Directive will govern. Two copies of implementing regulations shall be forwarded to the ASD (Comptroller) within 60 days.

H. P. Clement
Deputy Secretary of Defense

ORGANIZATION STRUCTURE



DEFENSE AUDIT SERVICE AUDIT RESPONSIBILITIES

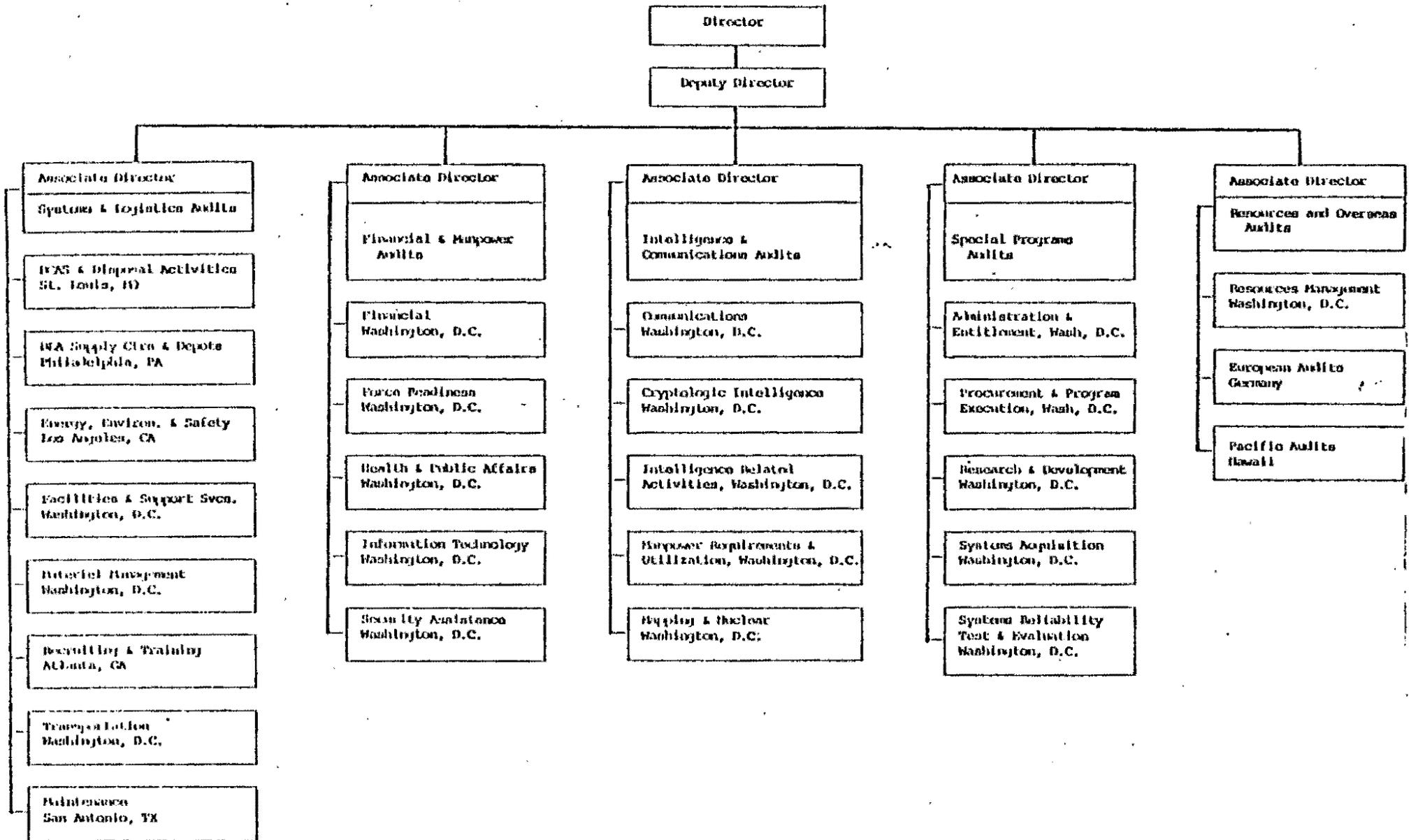
- INTERSERVICE AUDITS
- SPECIAL AUDITS
- THE SECURITY ASSISTANCE PROGRAM
- CONTINUING AUDITS

OFFICE OF THE SECRETARY OF DEFENSE
ORGANIZATION OF THE JOINT CHIEFS
OF STAFF

UNIFIED AND SPECIFIED COMMANDS

DEFENSE AGENCIES (DMA, DIA, DCAA, NSA,
DARPA, DCA, DNA, DAVA, DSAA, DLA, AND DIS)

DEFENSE AUDIT SERVICE ORGANIZATION CHART



DESCRIPTIONS OF MAJOR ORGANIZATIONAL UNITS OF DAS

The following identifies DAS's major units of organization, together with a brief description of the major responsibilities of each. The lines of authority can be found in the organization chart preceding Chapter One.

Financial and Manpower Audits Division

Forces Management

This program encompasses audits of all aspects of organizing, equipping and training active and reserve combat forces. Reviews are directed toward the use made of resources provided to attain and sustain the required force structure. Systems such as the Force Status and Identity Report system and other authorization and capability reporting systems as well as contingency planning are included.

The development of unit training objectives, the extent to which those objectives are accomplished and the effectiveness of participation in field exercises are also included in this program.

Program elements 1, 2, 4 and 5 of the Five Year Defense Program and budget submissions will be covered by this group.

Health and Public Affairs

This program encompasses all aspects of the DoD medical care system including operation of hospitals and clinics; all medical (including dental) staffing requirements; and all related training requirements and facilities. Included would be requirements determinations, recruiting, assignment, utilization, classification and record keeping operations. Also included would be all aspects of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and the Tri-Service Medical Information System (TRIMIS).

All aspects of Public Affairs are incorporated, including the American Forces Radio and Television Service, all audiovisual programs which include the production, distribution and depository functions of motion picture, television, audio, multi-media and still photo products for training and information purposes.

Also addressed are all aspects of the Department of Defense Dependents Schools System which operates 259 schools in 25 countries.

Financial Management

This area is concerned primarily with the systems, functions, and activities established to carry out the fiscal responsibilities of DoD. Generally, financial management will include all comptroller-type services and activities relating to programing, budgeting, accounting and reporting. Specifically, financial management covers the needs for, receipt, control, and disbursement of public funds. It covers programing to the extent that it is organized within the comptroller-area.

Financial management further covers the budgeting process through the formulation, approval and execution stages. It includes all facets of accounting systems including their approval by the Comptroller General as well as their operational aspects. It covers fiscal accounting and administrative control of funds, cost accounting, property accounting, and other types of accounting.

Financial management includes contract financing, cash management, payment of civilian and military pay and allowances, and overseas banking in DoD. Many funds and accounts are covered; for example, general funds; revolving funds such as stock funds and industrial funds; deposit funds; foreign currency accounts; and transfer appropriation accounts. Financial management incorporates all aspects of disbursing and also covers various types of reporting such as financial and budgetary reporting, and progress and statistical reporting.

Further, financial management includes the responsibility for assuring that legal and legislative requirements are met in the execution of programs using appropriated funds.

Information Technology

This program includes reviews of automatic data processing (ADP) functions such as information and word processing, administrative data processing, production control systems, computers integral to weapons systems, and related telecommunications processing resources. These reviews will include evaluations of automated systems (hardware and software) and will provide design personnel, system users and applicable management levels with timely recommendations to improve operational effectiveness and system efficiency.

Some reviews would include participation in the design, development, and testing of major DoD computer systems to assure that adequate controls and safeguards are designed into approved DoD systems. Other reviews would be made of operational, automated systems and data processing installations as well as ADP systems security and data privacy controls.

The program responsibilities include providing ADP support and assistance, as needed, to Defense Audit Service teams making audits in an ADP environment.

Security Assistance

The program consists of 5 major parts:

The Military Assistance Program (MAP) through which Defense articles and services are provided to eligible recipients on a grant basis.

The International Military Education and Training (IMET) Program through which military training is provided to selected foreign personnel on a grant basis.

The Foreign Military Sales Financing Program through which loans and repayment guarantees are provided to eligible foreign governments on a fully reimbursable basis.

The Security Supporting Assistance (SSA) Program through which economic assistance is provided, on a loan or grant basis, to selected foreign governments.

Foreign Military Cash Sales Procedures through which eligible foreign governments purchase Defense articles, training and services.

The functional area includes audits at all levels of management of the 5 major parts, which make up the Security Assistance Program. It includes the Security Assistance Program responsibilities of the Military Departments, Unified Commands and Military Assistance Advisory Groups. Reviews in this area may cover the overall management of the program or segments of the program, specific case execution, or compliance and performance from the recipient in-country viewpoint.

Intelligence and Communications Audits Division

Communications

This program covers all aspects of the operational management, control, and supervision of DoD communications systems, activities, or services whether commercial or Government-owned. Included are the Defense Communications System (DCS), Communications Satellite System, and programs funded by the Military Departments; and all special purpose and dedicated networks, systems and programs that support the functions of command and control (including alert and warning) at both the strategic and tactical level. The area also includes responsibility for

internal audit coverage of the Defense Communications Agency (DCA) except audits of payroll and personnel that are covered through other functional programs.

Cryptologic Intelligence

This program includes signal intelligence and communications security for all of DoD. It encompasses the National Security Agency, as well as the cryptologic mission operations of the Army, Navy and Air Force. Audits would cover all aspects of operational management and analysis of the effectiveness and efficiency of mission results in relation to the resources provided through the Consolidated Cryptologic Program and the Communications Security Program. In addition, audit responsibility also includes all areas supporting the mission operations of the National Security Agency. This involves supply management, comptroller services, maintenance, procurement, personnel, research and development, computer operations, communications and field activities.

General Intelligence

This program includes audits of the DoD-wide functions and activities involved in collecting, analyzing, and producing data for basic intelligence, current indications and warning intelligence, intelligence estimates, long-range threat forecasts and scientific and technical intelligence to support DoD requirements. Functions and activities involved in counter intelligence and photo interpretation are also included. Audits of operational management procedures and analyses of the effectiveness and efficiency of mission results in relation to the resources provided through the General Defense Intelligence Program are included. Excluded are audits of the Consolidated Cryptologic and Intelligence Related Activities programs not funded in the General Defense Intelligence Program. Also, excluded are reviews of basic support functions such as payroll, supply, and maintenance, that are covered through other functional programs.

Intelligence Related Activities

This program includes audits of the operational or mission aspects of tactical surveillance and warning systems, tactical battlefield support systems (e.g., reconnaissance assets), tactical ocean support systems, intelligence staff support, intelligence direct support systems, Reserve and National Guard intelligence activities, and intelligence training functions performed by the Military Departments. As part of this program function, we also review operational management procedures development of operational systems, interfaces with other National and Defense

intelligence programs, and the effectiveness and efficiency with which resources are used for intelligence related activities outside the National Foreign Intelligence Program. Also included in this function will be audits of intelligence activities of sensitive national programs for which DoD acts as executive agent. Excluded are basic support functions such as payroll, supply, and maintenance, that are covered through other program functions.

Mapping and Nuclear

This program includes the mission aspects of the DoD mapping, charting, and geodesy (MC&G) program and the DoD nuclear weapons program. The MC&G program involves Defense Mapping Agency activities and the Military Departments involved in validating requirements, tasking collectors, analyzing collection, producing MC&G products and distributing items produced. The nuclear program involves Defense Nuclear Agency activities and the Military Departments concerned with management of the DoD nuclear weapons stockpile including the operations of the consolidated nuclear weapons reporting system. The functions normally associated with integrated materiel management are included for MC&G and nuclear items. Those aspects of Research, Development, Test and Evaluation (RDT&E) programs involved with nuclear effects and MC&G programs are included here rather than in the RDT&E program. Excluded are support functions such as supply, maintenance, fund controls, appropriation accounting and property accountability that are covered through the other functional programs.

Manpower Requirements and Utilization

This program covers most aspects of the management of military and civilian manpower. General areas of audit responsibility include programing and budgeting of manpower resources, manpower resource management, force structure management, and manpower management information systems. Specifically included are all actions affecting the: manpower programs of the Military Departments, Defense agencies and OSD staffs; military or civilian space and/or man-year authorizations and associated funding programs; and activation, inactivation and changes to units and activities. Excluded areas include training, career development and personnel readiness.

Special Programs Audits Division

Systems Acquisition

This program includes the management processes through which major weapon systems as defined in DoD Directive 5000.1, are acquired by DoD. Reviews are based on threat assessments applicable to Defense Systems Acquisition Review Counsel (DSARC) Milestone 0 - Program Initiation, as well as OSD and Military Department subsequent reassessment requirements (DSARC Milestones I through III) as related to individual weapon systems. Included are matters such as trade-off analyses among alternative weapon systems, cost versus operational capability alternatives, DSARC issue items, production and life cycle costs, and qualitative and quantitative requirements determinations and justification as related to major weapon systems acquisition plans and programs.

Research and Development (R&D)

This area covers the mission aspects of basic and applied research and developmental and applied engineering. The operations of R&D activities and studies and analyses efforts are included in this program. Primary emphasis will be on the performance of mission tasks, the scheduling and programming of operations, the degree of control exercised in assuring validity of results, and the extent to which accomplishments are used to influence doctrine and acquisition decisions.

Systems Reliability, Test and Evaluation

This program includes reviews of the adequacy of DoD policies and procedures for determining the reliability and dependability of major weapons to perform according to plan under potential combat or hostile conditions. Assessments will be made of test and evaluation procedures including test range results employed to determine the feasibility of proceeding with procurement and deployment of new systems developed in research and development programs. Reviews will include a determination of methods used to resolve systems defects discovered during operational performance and the cost-effectiveness of alternatives selected to assure that mission accomplishments are not degraded under stress situations. Evaluations will also be made to determine that prompt disposition is undertaken on systems deemed too technically deficient to accomplish mission goals, or where the cost to correct mechanical deficiencies is too high.

Procurement and Program Execution

This program includes reviews of the adequacy of DoD policies, procedures and practices for acquiring approved major hardware and software systems, products, and services. These reviews will focus on evaluating the processes for DoD validation of requirements, determining that procurement schedules are realistic, and reviewing methods used to obtain timely acquisition. Emphasis will be placed on the adequacy of DoD administrative practices employed to forecast procurement, production and delivery dates; establish obligation and outlay targets based on these forecasts; and monitor the progress of program execution. The acquisition process will include reviews of procurement requests, invitations to bid, methods of contracting, and the negotiation, award and administration of contracts.

Administration and Entitlements

This audit program area encompasses the activities and functions involved in the (a) development and execution of the retired military pay and reserve programs; (b) determination and payment of entitlements to retired military personnel or their survivors, members of the Reserve Forces and the National Guard; (c) establishment and maintenance of data bases for retired military personnel, their survivors, the Reserve Forces and the National Guard; and (d) the administration of related programs. Reviews will include the planning, programing, budgeting and implementing of actions required to economically, effectively, and efficiently accomplish related program objectives. Reviews in this area are of an interservice nature and in some instances are of an interdepartmental nature. Effective working relations are required to be maintained with the Veterans Administration and the Departments of Commerce, Transportation, and Health, Education and Welfare.

Systems and Logistics Audits Division

Materiel Management

This program includes DoD-wide audits of activities and facilities dealing with all aspects of supply system operations and those dealing with logistics data systems. Included are supply operations and related accounting systems such as inventory control points managing wholesale inventories, depots, inventories in transit, installation level supply operations, and materiel in the possession of using and supporting organizations and units. Some of the functions are inventory control, storage and issue, requirements computations, war reserves, requisitioning, warehousing, stock balance and consumption reporting systems,

reutilization screening processes, the Federal Catalog program for identifying and cataloging items of supply, item standardization programs, and management of technical data items of supply. Excluded are individual weapon system acquisitions, transportation, maintenance and overhaul, procurement, contract administration, and property disposal.

Transportation

This program includes DoD-wide and interservice audits of all aspects of the programs, systems, and activities of the Defense Transportation System. Included in the transportation system are the operation, control, and supervision of all functions incident to the effective and economical procurement and use of transportation and traffic management involving the land, sea, or air movement of personnel and equipment using both military and commercial sources. The Program Director must work closely with other Government agencies and the public sector. Components of the Defense Transportation System are the Military Traffic Management Command, the Military Airlift Command, the Military Sealift Command and the Service Transportation Offices. Only those functions related to the mission of the DoD Transportation System are in the program. Excluded are the everyday housekeeping activities and functions performed by and for these components and those responsibilities directly related to the parent Service requirements unless specific requests dictate DAS audit involvement.

Facilities and Support Services

This program includes DoD-wide and Defense agency audits of:

- maintenance, repair and utilization of real property and equipment,
- military construction,
- housing programs (family, bachelor and leased housing), and
- support services.

Reviews will be made of the management of real and installed property from determination of the need of the property through maintenance, use and disposal. Some of the specific audit entities included are in-house construction; utility systems; maintenance

of land, buildings, facilities, and installed property; fire protection; family housing programs; and related costs and property accounting systems. This program also includes evaluations of the various services required to support the operations and maintenance of a military facility or organization. It includes audits of Service-wide operations, such as mess hall operations; appropriation-funded morale, welfare and recreation functions; quarters; religious activities; and retail store operations (such as clothing and commissary).

Defense Logistics Agency (DLA) Supply Centers and Depots

This program includes audits of major supply support missions assigned to 5 DLA supply centers (excludes Defense Fuel Supply Center) and 7 field depots. The supply management functions of the supply centers include requirements computation, supply control, provisioning, procurement, requisitioning processing, distribution, materiel management, standardization and inventory accountability. Areas of audit responsibility at the depot level include receipt, inventory management, warehousing and distribution. In addition to the 7 DLA-managed depots, the Program Director has responsibility for mission audits at those Service-managed depots that perform distribution missions for DLA-owned commodity materiel. Also included are audits of storage facilities for subsistence worldwide.

Recruiting and Training

This program includes DoD-wide audits of the recruiting, training and education of military personnel. It also includes DoD-wide audits of the education and training of civilian employees. The overall objectives of these audits are: to review and evaluate the effectiveness, efficiency and economy of the DoD management of personnel and resources used in recruiting, education and training; and to determine whether there is unnecessary duplication and/or potential for the consolidation or elimination of certain functions or activities.

Defense Contract Administration Services and Disposal Activities

This program includes audits in the following areas:

- Contract Administration. The activities involved in the administration of contracts, quality assurance, Government-furnished property administration and industrial security are included in this program. Reviews of deliveries, undelivered

items, contract financial status, program status, partial and advanced payment terms, and intransit inventory controls are included. This area includes reviews of DoD contract administration organizations. The establishment of requirements and the storage and distribution of materiel to meet the needs of consumers are not covered except when these matters are directly effected by contract administration practices and procedures.

- Property Disposal Activities. This program reflects the management and control of inventories accounted for in the Integrated Disposal Management System from receipt through disposition including in-transit accountability from the turn-in activity and to the receiving activity. Some of the identifiable functions are receipt and storage, utilization, donation, demilitarization, sales, downgrading to scrap, precious metals recovery, and ship and aircraft sales.

- Accountability and Security of Small Arms, Ammunition and Explosives. This program reflects the management and control of inventories from acquisition to use or disposal. Some of the identifiable functions are inventory control, storage and issue, security, requisitioning, and stock balance and consumption reporting systems.

Maintenance

This program includes the various systems facilities, services, and activities devoted to the maintenance, repair, and overhaul of equipment and supplies. It includes organic and contractual organizational, intermediate, and depot repairs. Also covered is the use of equipment and supplies by maintenance and repair activities. Maintenance operations funded by industrial funds are also in this program. Reviews will cover maintenance philosophies, and concepts developed during weapon and subsystem conception, design, test and operation. Some of the identifiable functions are depot maintenance, vehicular maintenance (for example, tanks, personnel carriers and trucks), ship overhaul, missile and other ordnance maintenance, maintenance of organizational materiel, and related cost and appropriation accounting for maintenance and repair activities. Maintenance of real property will not be included.

Energy, Environment and Safety

This program includes audits of programs under the cognizance of the Deputy Assistant Secretary of Defense (Energy, Environment and Safety). Energy programs include fuel supply assurance, development of alternate fuels, energy technology application, engineering and analysis, conservation investment, conservation management and training.

Environmental programs require compliance with environmental laws and environmental protection agency regulations. The programs deal with air and water pollution abatement, hazardous materiel management, solid waste disposal, noise suppression, pesticide management, environmental impact statement, conservation of natural resources, and preservation of historic sites.

Safety programs require compliance with work place safety standards established in accordance with the Occupational Safety and Health Act of 1970. DoD safety policy requires safety training for employees, mishap investigation, standardized reporting of mishaps, and use of personal protective equipment if work place hazards cannot be eliminated. DoD safety programs also cover chemical weapon systems ammunition, explosives, hearing conservation, traffic safety, flight safety, nuclear safety and system safety engineering.

RESOURCES & OVERSEAS AUDITS DIVISION

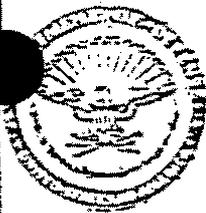
Resources Management

This organizational element performs the following functions:

1. Directs all phases of the DAS personnel management and staff development activities.
2. Directs all phases of the DAS financial administrative activities. Manages financial activities such as development of the Program Objective Memorandum, formulation and execution of annual operating budgets, and financial reporting.
3. Directs the development of Agency-wide policy instructions in accordance with the objectives and concepts of operation established by the Director and/or Deputy Director.
4. Directs the DAS ADP program to include the development and maintenance of a management information system and maintaining a staff of auditor/ADP specialists trained to provide consulting service and assistance on ADP matters to the audit teams.

European Audits/Pacific Audits

This program area includes audits of Unified Command organizations and functions, audits of any Defense program, function, or system when audit scope is limited to the overseas theater, and special audits of activities within the theater in response to OSD or Unified Command requests. The Program Director represents the Director, DAS in dealings with the overseas Unified Command and the Military Departments overseas commands and activities. He acts as point of contact for all commands in the theater for ongoing audits.



DEFENSE AUDIT SERVICE

SEMIANNUAL AUDIT PLAN

FIRST HALF OF FISCAL YEAR 1981

"Serving Management"

August 27, 1980

DEFENSE AUDIT SERVICE
SEMIANNUAL AUDIT PLAN
FIRST HALF OF FISCAL YEAR 1981

TABLE OF CONTENTS

<u>INTRODUCTION</u>	<u>PAGE</u>
PURPOSE	1
MISSION	1
POLICY	1
<u>AUDIT PLAN</u>	
INTELLIGENCE AND COMMUNICATIONS AUDITS	3
FINANCIAL AND MANPOWER AUDITS	5
SPECIAL PROGRAMS AUDITS	7
SYSTEMS AND LOGISTICS AUDITS	9
EUCOM FIELD OFFICE AUDITS	12
PACOM FIELD OFFICE AUDITS	14
<u>FACT SHEETS</u>	
INTELLIGENCE AND COMMUNICATIONS AUDITS	17
FINANCIAL AND MANPOWER AUDITS	33
SPECIAL PROGRAMS AUDITS	49
SYSTEMS AND LOGISTICS AUDITS	68
EUCOM FIELD OFFICE AUDITS	107
PACOM FIELD OFFICE AUDITS	110

DEFENSE AUDIT SERVICE

SEMIANNUAL AUDIT PLAN

FIRST HALF OF FISCAL YEAR 1981

INTRODUCTION

PURPOSE

This semiannual audit plan is being distributed to all audit clients of the Defense Audit Service (DAS) and other interested activities to make known which audits have been scheduled by DAS for the first half of FY 1981.

This document also contains a fact sheet for each scheduled audit showing background, scope and planned objectives. Another semi-annual audit plan will be issued in March 1981, which will show scheduled audits for the second half of FY 1981.

MISSION

The mission of DAS is to:

1. Plan and perform internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified/Specified Commands, and the Defense Agencies.
2. Plan and perform interservice audits in all DoD Components.
3. Plan and perform quick response audits on matters of special interest to the Office of the Secretary of Defense.
4. Plan and perform audits of the Security Assistance Program at all levels of management.
5. Plan and perform such other audits as requested.

POLICY

It is DAS policy to adhere to the Standards for Audit of Government Organizations, Programs, Activities and Functions, established by the Comptroller General.

A U D I T P L A N

I N T E L L I G E N C E A N D

C O M M U N I C A T I O N S

A U D I T S

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

IC DIVISION

Estimated

<u>Line No.</u>	<u>Title</u>	<u>Audit Number</u>	<u>Start Date</u>	<u>Completion Date</u>
<u>Carry-Over Audits (as of 9/30/80)</u>				
1.	Defense Mapping Agency Publications and Service	OIW-XXX		2/81
2.	Nuclear Weapons Effects Simulators	OIW-112		1/81
3.	Civilian Pay-National Security Agency-Phase II	OIX-118		12/80
4.	Physical Security-National Security Agency	OIX-054		11/80
5.	Consultant Services-National Security Agency	OIX-133		11/80
6.	Tactical Imagery	OIG-128		4/81
7.	DOD Bonus Program	OIJ-120		4/81
8.	Intelligence Training	OIG-122		4/81
9.	Manpower Requirements	OIJ-XXX		3/81
10.	Tactical Command and Control	OIC-091		10/80

1st Half FY 1981 Audits

11.	Defense Mapping Agency Map and Chart Production	LIW-XXX	2/81	
12.	Management of Nuclear Material	LIW-XXX	1/81	
13.	Civilian Pay-National Security Agency-Phase III	LIX-XXX	12/80	
14.	Physical Security-National Security Agency-Phase II	LIX-XXX	11/80	
15.	Progress Payments-National Security Agency	LIX-XXX	12/80	
16.	Civilian Welfare Fund-National Security Agency	LIX-XXX	10/80	
17.	Intelligence Support to Test and Evaluation	LIN-XXX	10/80	
18.	DoD/GRO HOTLINE Operations	LIN-XXX	10/80	
19.	Electronic Warfare-Phase II (SCTAS)	LIC-XXX	10/80	
20.	Tactical Command and Control- Phase II	LIC-XXX	10/80	

FINANCIAL AND MANPOWER

AUDITS

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

FM Division

Estimated

<u>Title</u>	<u>Audit Number</u>	<u>Start Date</u>	<u>Completion Date</u>
<u>Carry-Over Audits (as of 9/30/80)</u>			
Logistics Support to European Forces	OFR-055		10/80
Supply Performance-Army Foreign Military Sales Cases	OFA-082		12/80
Military Exchange Systems	OFM-114		12/80
Fire Support Weapons-Europe	OFR-103		12/80
Audiovisual Support to Military Recruiting	OFM-KXX		10/80
Computer Readiness of CONUS Deployable Units	OFP-113		12/80
Foreign Military Sales Direct Cite Procurement	OFA-083		3/80
Israeli Air Base Construction Program	OFA-130		12/80
Processing Commercial Accounts-DLA	OFR-124		1/81
Dissemination of Classified Information	OFR-127		12/80

1st Half FY 1981 Audits

Accounting Systems	1FH-KXX	10/80	
Material Readiness of CONUS Medical Units	1FM-KXX	10/80	
Reserve Component Personnel Data System	1FR-KXX	10/80	
Munitions Program-PACOM	1FR-KXX	10/80	
Unliquidated Obligations-DLA	1FH-KXX	10/80	
Navy Cross-Disbursing for DLA	1FR-KXX	10/80	
Supply Performance-Air Force Foreign Military Sales Cases	1FA-KXX	11/80	
Government Furnished Material for Foreign Military Sales	1FA-KXX	12/80	
Life-Cycle Management of the DoD Standard Warehouse and Shipping Systems	1FP-KXX	12/80	
Battlefield Computer Systems	1FP-KXX	1/81	
OCHPMUS High Dollar Providers	1FM-KXX	1/81	
Munitions Program-EUCOM	1FR-KXX	1/81	
Security Assistance Program-Saudi Arabia and Egypt	1FA-KXX	3/81	

SPECIAL PROGRAMS

AUDITS

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

<u>SP Division</u>			<u>Estimated</u>	
<u>Name</u>	<u>Title</u>	<u>Audit Number</u>	<u>Start Date</u>	<u>Completion Date</u>
<u>Carry-Over Audits (as of 10/1/80)</u>				
	Personnel Admin-Evaluation System	020-099		11/80
	Active Reserve Bonus Programs	020-102		12/80
	Test & Evaluation-Navy	02D-100		12/80
	Life Science R&D Program	02B-027		11/80
	Development Research-ARMY	02B-XXX		2/81
	Theater Nuclear Weapon Systems Requirements	02E-026		11/80
	Procurement Fund Requirements Weapons	02E-078		10/80
	Small Business Procurement	02F-XXX		2/81
	Integrated Logistics Support-Tanks III	02F-029		10/80
<u>1st Half FY 1981 Audits</u>				
	Systems Reliability-Air Force	12D-XXX	10/80	
	Mission Element Needs Statement-Advance Tactical Aircraft	12E-XXX	10/80	
	Integrated Logistics Support-Army Blackhawk System	12G-XXX	10/80	
	OD Medical Research Programs	12B-XXX	11/80	
	Mission, Element Needs Statement(MENS) AW Systems	12E-XXX	11/80	
	Alternative Action Program	12O-XXX	11/80	
	Active Reserve and National Guard Payroll Controls	12O-XXX	11/80	
	Test & Evaluation-Air Force	12D-XXX	1/81	
	Development Research-Air Force	12E-XXX	2/81	
	AW Systems-ARMY	12P-XXX	2/81	
	Blackhawk Vehicle Requirements	12E-XXX	3/81	

SYSTEMS AND LOGISTICS

AUDITS

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

<u>SY Division</u>		<u>Estimated</u>	
<u>Line</u>	<u>Title</u>	<u>Audit Number</u>	<u>Start Date</u>
<u>0.</u>			<u>Completion Date</u>
<u>Carry-Over Audits (as of 9/30/80)</u>			
1.	Technical Data for Items of Supply	OSS-123	1/81
2.	Management of BOQs	OSI-086	11/80
3.	Leased Property	OSI-093	11/80
4.	DoD Paid Parking Program	OSI-136	2/81
5.	Defense Railway Fleet	OST-039	12/80
6.	Container Utilization-Phase I	OST-053	10/80
7.	Personal Property-Phase II	OST-131	2/81
8.	Container Utilization-Phase II	OST-XXX	5/81
9.	Military Personnel Retention	OS4-079	11/80
0.	Guaranteed Training	OS4-125	4/81
1.	Flight Management Control System	OS6-108	12/80
2.	Productivity Enhancement	OS6-115	2/81
3.	Energy Technology	OS8-105	11/80
4.	Conservation Techniques	OS8-129	12/80
 <u>First Half FY 1981 Audits</u>			
5.	Integrated Management of Non-Consumables	ISS-XXX	10/80
6.	Retail Stockage Criteria	ISS-XXX	3/81
7.	Inventory Control	ISS-XXX	2/81
8.	Productivity Measurement in Real Property Maintenance Activities	LSI-XXX	11/80
9.	Evaluation of Defense Retail Interservice Support Program	LSI-XXX	11/80
0.	Adequacy of Military Family Housing	LSI-XXX	2/81
1.	DoD Freight Classification System	1ST-XXX	3/81
2.	Retention Policies and Procedures-Officers and Cadets	1S4-XXX	11/80
3.	Graduate Education	1S4-XXX	3/81
4.	Defense Activity for Non-traditional Education	1S4-XXX	3/81
5.	Precious Metal Recovery and Utilization	1S5-XXX	10/80
6.	Administration of Cost Accounting Standard 410-General and Administrative Expenses	1S5-XXX	10/80

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981 (Continued)

SY Division

Estimated

<u>Title</u>	<u>Audit Number</u>	<u>Start Date</u>	<u>Completion Date</u>
Engineering and Technical Services	1S6-XXX	10/80	
Aircraft Modification	1S6-XXX	1/81	
Occupational Safety and Health Training	1S8-XXX	11/80	
Fuel Consumption Reporting	1S2-XXX	1/81	
Controls Over Material Receipts and Payments for Fast Pay Contracts-DLA	1SL-XXX	10/80	
Management of Subsistence and Clothing/Textiles at Non-DLA Activities	1SL-XXX	10/80	

EUCOM FIELD OFFICE

AUDITS

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

EUCOM Field Office

Estimated

<u>line</u> <u>no.</u>	<u>Title</u>	<u>Audit</u> <u>Number</u>	<u>Start</u> <u>Date</u>	<u>Completion</u> <u>Date</u>
<u>Carry-Over Audits (as of 9/30/80)</u>				
.	Procurement Operations-EUCOM	OSX-107		11/80
.	Subsistence-DIA/USEUCOM	OSX-XXX		2/81
<u>1st Half FY 1981 Audits</u>				
.	Property Disposal-DIA/USEUCOM	1SX-XXX	12/80	
.	Intelligence Operations-EUCOM	1IX-XXX	2/81	

PACOM FIELD OFFICE

AUDITS

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

PACOM Field Office

Estimated

<u>line</u> <u>no.</u>	<u>Title</u>	<u>Audit</u> <u>Number</u>	<u>Start</u> <u>Date</u>	<u>Completion</u> <u>Date</u>
	<u>Carry-Over Audits (as of 9/30/80)</u>			
1.	Pacific Stars and Stripes	0FV-110		11/80
2.	Communications, Republic of Korea	0IV-116		1/81
3.	Bulk Petroleum, Republic of Korea	0SV-132		12/80
	<u>1st Half FY 1981 Audits</u>			
4.	CHAMPUS Controls, PACOM	1FV-XXX	11/80	
5.	Management of DLA Subsistence Inventories in Hawaii	1SV-XXX	11/80	
6.	DoD Construction Programs, Republic of Korea	1SV-XXX	11/80	
7.	DoD Programs to Control Sales Exchange and Commissary Goods-PACOM	1SV-XXX	1/81	
8.	Military Service Intelligence Operations-Hawaii	1IV-XXX	2/81	
9.	High Frequency Communications Network-PACOM	1IV-XXX	2/81	

FACT SHEETS

INTELLIGENCE AND

COMMUNICATIONS

AUDITS

DMA Map and Chart Production

Background

The Defense Mapping Agency's primary mission is to produce maps, charts and other geodetic products for the DoD. The Aerospace Center in St. Louis, Missouri is primarily responsible for producing aeronautical products. The Hydrographic and Topographic Center in Washington, DC is responsible for producing hydrographic and topographic products. The audit will be limited to a review of the production of hard copies of maps and charts and will exclude production of digital data.

The production program begins with DMA selecting maps and charts for production. All maps and charts in the production process must be a validated requirement and reflected in the Mapping, Charting, and Geodetic Area Requirements Document (Gray Book).

There are three kinds of production for maps and charts: compilation, recompilation and revision. Compilation relates to the production of a never before produced map. Recompilation refers to a map that has previously been produced but is outdated to the point that a whole new map needs to be produced. Revision relates to altering cultural details shown on a map and updating the map based on more current information.

Scope

The DMA FY 1980 map and chart program can be broken into the following categories:

- Aeronautical Products-\$6.0 million
- Hydrographic Products-\$10.2 million
- Topographic Products-\$20.8 million

Objectives

The audit objective is to perform a program results audit to determine if DMA is satisfying the DoD program for maps and charts. We will also determine if the production program is performed in an efficient and economical manner.

Potential Benefits

A prior audit of DMA map and chart production requirements disclosed that many requirements were invalid. The proposed audit should disclose whether map and charts are being produced for invalid requirements.

PROGRAM DATA

Division/Line Number	IC/11
Program Director	J. Andrejko
Project Manager	H. Gallo
Start Date	2/81
Man-Days	635

Management of Nuclear Material

Background

Nuclear ordnance materiel consists of base spare parts and military spare parts. Base spare parts are funded by the Department of Energy and may be used by the military services only for maintenance and repair of war reserve stockpile material. Military spare parts are funded by DoD and are used for maintenance and repair of training weapons, test and handling equipment. When a DOE controlled spare part can be used on both war reserve weapons and on training devices, 2 NSNs will be assigned to the part. In 1972, the Defense Nuclear Agency was designated the integrated material manager for DOE nuclear ordnance items.

Scope

The inventory of nuclear ordnance items is estimated to be valued at over \$50 million. The inventory comprises about 6,000 line items.

Objectives

The objective of the audit will be to determine how efficiently and effectively nuclear ordnance material is being managed.

Potential Benefits

In August 1973, we issued a report stating that \$1.3 million could be saved by designating DNA as the single DoD manager and storage activity for nuclear ordnance items. No actions have been taken on our recommendation. The audit will determine the extent of savings that can presently be achieved by consolidating management of nuclear ordnance material.

Tentative Locations

Headquarters, Defense Nuclear Agency, Washington, DC
Field Command, Defense Nuclear Agency, Albuquerque, NM
Various Army, Navy and Air Force Installations

PROGRAM DATA

Division/Line Number	IC/12
Program Director	J. Andrejko
Project Manager	D. Wenger
Start Date	1/81
Man-Days	500

Audit of NSA Civilian Payroll
Phase III

Background

The NSA Civilian Payroll Accounting System is designed to compute pay and leave for civilians employed under 25 different pay schedules. Eleven payroll clerks, located at Fort Meade, are each responsible for handling individual employee accounts.

NSA's civilian payroll system, computerized in January 1957, has gone through various upgrades. The system currently utilizes an IBM 370-168 with remote terminal access for on-line interactive file retrieval, updating and processing. Approximately 170 computer and remote terminal payroll software programs have been written to process payroll data and to generate records and management reports.

Phase I of the Audit of NSA Civilian Payroll was made to evaluate the adequacy of mechanized internal controls within NSA's automated payroll processing system. Significant control weaknesses and deficiencies were determined to exist within the system which could result in erroneous or fraudulent data being processed without detection.

Phase II of the audit currently in progress, addresses the propriety and accuracy of employee pay and leave entitlements, fund transfers and manual internal controls. This phase is utilizing approximately 125 data retrieval programs developed to check compliance with regulatory requirements and to assist in detecting errors or potential fraud. Discrepancies are being identified using sampling techniques, when applicable, and projected error rates are being established. The impact of the automated internal control weaknesses addressed in Phase I will be quantified and additional weaknesses in manual internal control procedures could be identified.

Scope

Phase III of the Audit of NSA Civilian Payroll will address the adequacy of computer security, program documentation and program test and debug procedures and will also provide an assessment of the reliability of computer output. Based upon the cumulative results of the audit, an overall assessment of the adequacy of the NSA Civilian Payroll System will be provided.

Objective

The objective of Phase III is to ensure that sufficient controls exist in the system's design, programming and computer operations

to assure the reliability of computer output and to preclude fraudulent data from being processed into the system. Controls over input/output data, telecommunications, batch process, access, and data recovery will be evaluated. The overall security of the system will be evaluated to include controls over forms, checks, bonds, etc. Additionally, the extent and adequacy of program documentation and system test and debug procedures will be examined. Weaknesses in these areas were identified in Phase I of the audit.

Benefits

Will provide management with:

- a. An assessment of the adequacy and existence of internal controls to preclude payroll fraud or abuse.
- b. A comprehensive evaluation of their Civilian Payroll Processing System.
- c. Information upon which to determine if sufficient justifications exist for implementing a new payroll system.

Program Data

Division/Line Number	IC/13
Program Director	F. Henderson
Project Manager	S. Santoni
Start Date	12/80
Man-Days	250

Audit of NSA Physical Security - Phase II

Background

The Physical Security Program for NSA involves the protection of agency personnel, equipment, property and classified material in various Government and contractor locations in CONUS and overseas. The Signals Intelligence and Communications Security missions of the Agency encompass compartmented intelligence operations which generate enormous volumes of classified material. Everyday, for example, NSA Headquarters destroys an average of 34 tons of classified paper material alone.

Protection of classified material against accidental or deliberate compromise is a primary concern of the NSA physical security program. The core of this program is represented by a guard force (Federal Protective Service at NSA Headquarters) which is supplemented by alarm systems, TV monitors, safes, badge, pass and key access control systems. Periodic inspections of Government facilities and contractors' plants are another part of this program. The ultimate protection however, remains with the security awareness of each individual employee and their supervisors.

The Office of the Deputy Under Secretary of Defense for Policy Review has requested we review certain aspects of the physical security program at NSA. They have expressed an interest in Agency procedures for: (1) handcarrying classified material; (2) transportation of classified material; (3) controlling classified material under "open storage" practices; (4) physical security of ADP systems; and (5) security of classified material in sensitive overseas areas.

Scope

Phase I of the audit of NSA physical security is addressing overall security planning, use of the Federal Protective Service, security violations and compromises and controls over the handcarrying of classified material. Phase II would address additional areas of the OSD audit request, supplemented by coverage of the NSA contractor physical security program.

Objectives

The objectives of the audit would be to: (1) evaluate the adequacy of certain aspects of the NSA Physical Security Program in response to the OSD areas of interest, and (2) evaluate the effectiveness of the NSA contractor physical security program.

The proposed audit would satisfy the intent of an OSD requested audit. The audit would not be geared to a dollar savings, but rather to the protection of classified material, the compromise of which could endanger the security and defense of the United States itself.

Program Data

Division/Line Number	IC/14
Program Director	F. Henderson
Project Manager	W. Franck
Start Date	11/80
Man-Days	250

Progress Payments - NSA

Background

A progress payment review was made about 4 years ago with about \$19 million in findings. The Associate Director for Financial and Manpower Audits requested on July 2, 1978, that we do a follow-up review to determine if problems identified in the prior audit had been corrected.

As of March 31, 1980, the total value of contracts with progress payment provisions amounted to \$474.4 million and the unliquidated progress payment balance approximated \$200 million. It is very important that progress payments are properly made and only when authorized and, equally important, that they are properly liquidated when items are delivered to minimize interest cost to the Government.

Scope

The objectives of the audit are to evaluate the effectiveness of policies, procedures and controls and to determine if they are effectively implemented in paying and administering progress payments.

Program Data

Division/Line Number	IC/15
Program Director	F. Henderson
Project Manager	R. Levine
Start Date	12/80
Man-Days	250

Civilian Welfare Fund - NSA

Background

The National Security Agency Civilian Welfare Fund (NSA CWF) was established on January 28, 1955, under policies and procedures governing the nonappropriated fund system within the U.S. Army. Basic guidance for nonappropriated activities is outlined in Army Regulation 230-1 "Nonappropriated Funds and Related Activities," dated February 15, 1975. Property controls and procedures are prescribed in Army Regulation 230-65, "Nonappropriated Funds Accounting and Budgeting Procedures," effective August 1, 1977. Specific guidance governing civilian welfare funds is contained in Army Regulation 230-81, "Civilian Nonappropriated Funds and Related Activities," dated November, 1973.

The NSA CWF program consisted of special sale items, social and entertainment events, a library, and a ticket service. The primary source of revenue is dividends from the NSA Restaurant Fund. During FY 1979, the CWF received approximately \$125,000 in dividend payments and approximately \$136,000 is anticipated for FY 1980. The value of all CWF property is \$117,783 with fixed assets totaling \$94,025 and expendable property amounting to \$23,758.

Scope and Objectives

The audit will determine whether NSA CWF operations comply with appropriate regulations and other applicable directives. Our review will include an evaluation of internal management controls, accounting procedures, and property controls for NSA CWF assets. The audit will cover the period October 1, 1978 through September 30, 1980, and include a selective examination of documentation and transactions considered necessary. The previous audit of the fund was performed for the period April 1, 1977 through September 30, 1978.

Program Data

Division/Line Number	IC/16
Program Director	F. Henderson
Project Manager	T.B.D.
Start Date	10/80
Man-Days	130

Intelligence Support to Test and Evaluation

Background

The Test and Evaluation (T&E) function not only assures that weapon systems in development will perform according to specifications but also serves as the last opportunity for DoD to determine the effectiveness of proposed weapon systems in their intended environment. The T&E function is basically divided into 3 types of testing: developmental, operational, and training. The success of these tests are dependent upon close coordination between the testers and the intelligence communities. There are about 60 major acquisitions in development that require the integration of threat data into both current and future test plans.

Our current review of "Intelligence Support to Test and Evaluation" (Project OIN-018) indicated there were numerous related problems that had to be resolved before the integration process can be accomplished and the operational effectiveness of future U.S. weapon systems against the enemy can be assured.

The types of problems identified in our review were as follows:

1. Developmental and operational test plans for many major systems were either not developed or were not updated prior to major DSARC milestones as required in DoD Directive 5000.3.
2. Threat simulator programs for testing the effectiveness of U.S. systems appeared unmanaged at all DoD levels. Furthermore, the development and procurement of threat simulators were not coordinated to the major acquisition process that they are supposed to support.
3. Validation of threat simulator characteristics was not being accomplished due to resource limitations or to the lack of standard threat references for this purpose.
4. Threat scenarios depicting the intended environment that U.S. systems will operate in were either not prepared or were incomplete.

Objectives

The objectives of the audit will be to evaluate:

1. The completeness of the test and evaluation plans for major systems acquisitions.
2. The threat simulator program supporting current and future acquisitions.

3. The adequacy of the procedures for validating the threat simulators used in test functions.

4. The adequacy of the threat scenario in depicting the threat environment that major systems will operate in.

Tentative Locations

USDR&E, DIA, TRADOC, DARCOM, OPNAV, NAVMAT, AFSC, FTD, NISC, MIA, PSTC, and selected test commands and ranges.

Potential Benefits

The audit could show that millions of dollars are wasted on operational tests of new weapons systems because threat simulators and test environments do not realistically depict the threat the weapons systems will encounter.

PROGRAM DATA

Division/Line Number	IC/17
Program Director	R. Sabatini
Project Manager	S. Rein
Start Date	10/80
Man-Days	600

DOD/GAO HOTLINE OPERATIONS

Background

For the past few years, there has been considerable Congressional and Executive Branch interest in the prevention and detection of fraud and waste in the Federal Government. To encourage the reporting of fraud and waste, GAO set up a fraud hotline whereby the public could telephone GAO using a toll free number to report suspected instances of fraud and waste in any executive department or agency of the Government. Within the DoD the Defense Investigative Service (DIS) was designated as a single point of contact for hotline referrals from the GAO. Each of the military departments also designated a single point of contact for referrals from DIS. In April 1979, the DoD set up a hotline operated in DIS. Hotline items received are referred to a designated point of contact in the military department or agency involved. Since hotline operations were established, there have been about 1000 complaints of alleged fraud and waste in the DoD.

All hotline items receive preliminary screening and those items determined to have merit are referred to the appropriate point of contact for action. Generally the referrals are passed to CID, NIS, OSI or the DLA-IG for further processing.

Within the DoD there is no written policy or procedure concerning hotline operations. As a result each department or agency handles referrals differently. Further, there is concern that complaints are being referred to the activity involved in the allegation for adjudication. This had resulted in closing a high percentage of the complaints as unsubstantiated reports. In addition, the name of the hotline caller was frequently identified in the referral to the activity. Further, there are indications that insufficient investigative resources are involved in adjudicating the hotline allegations.

The audit was requested by the Assistant for Audit Policy in a memorandum dated July 3, 1980. The objective of the audit will be to evaluate the effectiveness of DoD hotline operations. Specifically, the review will be performed to ensure that:

1. Methodology and depth of review are adequate and consistent at each investigative component.
2. Investigators are professionally qualified and independent of the cases being reviewed.
3. Privacy of hotline callers is adequately protected.
4. Management actions are responsive to investigative conclusion and are generally consistent within and among the DoD components.

Scope

In the 6 month period ended February 29, 1980, 519 hotline referrals were received by DIS from GAO and 282 calls were received on the DIS hotline. There are no personnel or funding resources directly identified to hotline program operations.

Tentative Locations

Defense Investigative Service
Army CID
Naval Investigative Service
Air Force Office of Special Investigation
DLA-IG

Various locations in CONUS and overseas as determined during the survey.

Program Data

Division/Line Number	IC/13
Program Director	R. Sabatini
Project Manager	A. Madison
Start Date	10/80
Man-Days	600

ELECTRONIC WARFARE PHASE II (SOTAS)

Background

Audit work has been coordinated with GAO to prevent overlap with their ongoing audit and permit us to carry out our planned review. GAO should complete their scoped-down-review by October 4, 1980.

Phase II is a continuation of work deferred under Phase I in accordance with the Deputy Director's approval to pursue a potentially high payoff audit lead (i.e. Electronically scanned antenna for the APS-94 Radar on the OV-1D Mohawk Aircraft). Phase II will be a programmatic review of the Standoff Target Acquisition System (SOTAS), an Army airborne radar system.

Scope

It is estimated that SOTAS will cost about \$1 billion to procure and about \$1.2 billion to operate and support for 20 years. We intend to review system requirements (personnel, equipment, contractor support, financial, training, software) and control over classified documents.

Program Data

Division/Line Number	IC/19
Program Director	H. Frazier
Project Manager	E. Cody
Start Date	10/18
Man-Days	650

JINTACCs (Joint Interoperability
of Tactical Command and Control Systems)
Phase II

Background

After the mid-1960s, the need for achieving compatibility and interoperability among the tactical command and control systems of the Services and Agencies was recognized by OSD and OJCS. The primary purpose of JINTACCs is to achieve the interoperability of U.S. tactical C² systems. Maximum consideration, however, will be given to considering interoperability of U.S. and NATO Systems. JINTACCs involves the 4 Services plus DIA and NSA. Projected expenditures through 1985 should approximate \$400 million.

Scope

Phase I involved a survey of numerous Tactical Command and Control Programs within OJCS and the Services. JINTACCs was identified as a program that had not been previously audited by DTS, Services, or GAO. Because of the magnitude of the program and limited staff, the scope of Phase II will be limited based upon the results of the survey conducted under Phase I of this review. If staffing and TDY funds permit, we will review the critical NATO aspects of this program.

Objectives

Determine the extent to which the program manager is developing the program in accordance with the intent of OJCS and OSD. Determine if JINTACCs will satisfy the requirements of the participating Services and Agencies. Ascertain the adequacy of support provided to the program manager by contractors, the Services/Agencies, and operational Commanders (CINCLANT).

Potential Benefits - Identify potential areas of cost savings or operational efficiencies as a result of our audit and recommendations. Potentially a reduction or redirection of contractual and internal effort expended by the JINTACCs Program Manager may be warranted. Another potential benefit could be the acceleration in existing testing schedules.

Program Data

Division/Line Number	IC/20
Program Director	H. Frazier
Project Manager	J. Kolostrey
Start Date	10/90
Man-Days	650

FINANCIAL AND MANPOWER

AUDITS

Materiel Readiness of Selected CONUS

Medical Units Deploying to Europe

Background

DoD currently plans to immediately deploy both active and reserve medical units to the theater of operations upon mobilization. These units are expected to be in place and functioning on a phased basis starting on D-day. The medical supplies and equipment needed for each unit, specified in its table of authorized supplies and equipment, may or may not be prepositioned in theater. For a NATO contingency, designated units are periodically advised of the supplies and equipment that must be brought to the theater by the units. Recent audit reviews of medical units in Europe reported significant problems in the readiness and condition of medical supplies and equipment. The problems included unserviceable equipment, hospital sets not assembled, etc. Units with unserviceable equipment or shortages of required equipment and supplies will degrade the medical mission. Personnel in Health Affairs have expressed concern over the actual condition of supplies and equipment scheduled for deployment with medical units.

Recent mobilization exercises and studies have indicated that medical supplies and equipment in the hands of CONUS medical units may not be in a ready for use condition. Active and reserve units deploying with supplies and equipment in poor condition would result in their effectiveness being reduced. The FORSTAT reports from each active and reserve medical unit notified JCS of the status of the supplies and equipment on hand and the reason for the reported status.

Objective

This audit will determine if selected active and reserve units have all the required supplies and equipment on hand, if not stocked, in Prepositioned War Reserves (PWR) in Europe. In addition, the reported condition of supplies and equipment will be verified and the reasons for the poor condition will be determined. This will be followed through the system to determine needed corrective actions to improve the overall management and control of medical supplies and equipment. The audit will be limited to medical units scheduled for deployment within thirty days after mobilization. Since the Navy is not deeply involved during this period, the scope may be limited to Army and Air Force. The Army has 67 active and reserve medical units in this category ranging in size from battalion to detachment. The audit should be done in 2 phases, active and reserve, because of the complexity, the number

of units and the amount of supplies and equipment involved. During the survey the number of units from all Services will be identified; and a selection of specified units and type of supplies and equipment will be made for audit.

Locations

OSD

JCS

Headquarters of the Army, Navy, Air Force, Marine Corps, and Defense Logistics Agency

Selected major Commands, Activities and Units both active and Reserve

PROGRAM DATA

Division/Line Number	FM/12
Program Director	W. Schade
Project Manager	R. Richards
Start Date	10/80
Man-Days	450

Reserve Components Common
Personnel Data System

Background

The audit was requested by the Deputy Assistant Secretary of Defense (Reserve Affairs). By memorandum dated February 8, 1980, the Deputy Assistant Secretary of Defense was advised by DAS that the audit would begin in September 1980.

Scope

The audit will include the personnel accounting systems of the Army, Navy, Air Force, and Marine Corps reserves; and the Army and Air Force National Guard.

Objectives

1. Determine the validity of Reserve Component strength reporting within the system.
2. Determine the reliability (quality) of the critical data items reported in the system.
3. Review the current/planned computer capability within the Reserve Components to support the system.

Locations

Office of the DASD(RA); Headquarters, Army, Navy, Air Force, and Marine Corps; National Guard Bureau; and selected field activities and units.

PROGRAM DATA

Division/Line Number	FM/13
Program Director	E. Shirley
Project Manager	H. Tsuji
Start Date	10/80
Man-Days	500

Munitions Program - Pacific

Background

A shortfall in munitions support (Army, Navy, Air Force and Marine Corps) may make the strategy which the United States and Republic of Korea have adopted unworkable.

Initial research indicates significant shortcomings in munitions support when measured against the requirements of the "forward defense" strategy. Shortfalls in munitions are aggravated by the intensive firing rates anticipated in defending on or forward of existing defensive positions.

The shortfall in munitions for ground, Naval, Marine Corps and Air Forces (U.S. and Korean) may be as much as 200,000 short tons. In addition the Air Forces are short certain air-to-air and air-to-ground munitions. It may cost as much as \$1 billion to provide the munitions required.

Actions could be taken to reduce theater storage of munitions; reduce the time to move munitions from CONUS storage locations to West Coast outload-ports; increase the capability of outload ports; position ships in the Ready Reserve Fleet properly configured to haul munitions; and locate munitions at depots closer to West Coast outload ports.

Objectives

The primary objectives will be to:

- Review and quantify the threat.
- Evaluate methodology for determining requirements.
- Examine initiatives to reduce or minimize the shortfalls.
- Review the adequacy of on-hand stocks including quantities and serviceability.

Scope

The precise value of on-hand stocks of munitions and the cost of munitions still needed to fill war reserve requirements to an acceptable level is not known. However, the program may exceed \$2 billion.

Locations

OSD staff offices; Service Headquarters; Hqtrs., Pacific Command; Headquarters, Western Command; Headquarters, Pacific Fleet; Headquarters, Fleet Marine Forces Pacific; Headquarters, Pacific Air Force; appropriate activities in Okinawa, Japan, Korea, Philippines, and Guam; U.S. Armament Command; Military Traffic Management Command; and Military Sealift Command.

PROGRAM DATA

Division/Line Number	FM/14
Program Director	E. Shirley
Project Manager	H. Vanmeter
Start Date	10/80
Man-Days	600

UNLIQUIDATED OBLIGATIONS - DLA

Background

This audit was requested by DLA who provided the following justification. There are currently 4 DCASRs scheduled to be consolidated within FY 1981. These DCASRs are located in New York, Philadelphia, Dallas and Chicago. The records of these 4 DCASRs will be consolidated with the records of the 5 remaining DCASRs for continuance of payment and administration functions. It is essential that obligations and unliquidated obligations be as accurate as possible before the transfer of records and data files takes place.

Objective

The objective of the audit will be to determine the validity of memorandum and unliquidated obligations and the related weaknesses/problem areas associated with the recording and control of these amounts.

Scope

The audit affects all DoD components that have contracts being paid and administered by DCASRs. The total dollar value of unliquidated obligations will be determined during the survey.

Audit Locations

The audit will be performed at the DCASRs in the following locations: Boston, New York, Philadelphia, Cleveland, Chicago, St. Louis, Atlanta, Dallas and Los Angeles.

Program Data

Division/Line Number	FM/15
Program Director	J. McGuire
Project Manager	G. Stephenson
Start Date	10/80
Man-Days	600

NAVY CROSS-DISBURSING FOR DLA

Background

This audit was requested by DLA. No audits, inspections or investigations have been performed in this area within the last 4 years. The nonreceipt of Navy cross-disbursing data in a timely manner by DLA, creates considerable difficulties in reconciling cash transactions and causes inordinately large undistributed amounts in accounting records.

Objective

The objective of the audit will be to determine why cross-disbursing reports and disbursement/collection vouchers are consistently late and are not submitted on the specific cyclic basis.

Scope

The scope and magnitude of this audit will be determined during the survey.

Audit Locations

Tentative audit locations have been identified as Navy Accounting and Finance Center, Washington, D.C.; Naval Regional Finance Center, Washington, D.C.; Navy Finance Center, Cleveland, Ohio and the Fleet Accounting and Disbursing Center, Norfolk, Virginia.

Program Data

Division/Line Number	FM/16
Program Director	J. McGuire
Project Manager	TBD
Start Date	10/80
Man-Days	300

Review of Supply Performance-Air Force

Background

This is Phase III of a 3-phase plan to review old FMS cases in all 3 services. Navy is being covered under Phase I and Army is being covered under Phase 2.

Scope

The Defense Security Assistance Agency's (DSAA) records show a net balance of about \$3.1 billion of undelivered FMS material for FY 1964 through 1974. The DSAA records also showed deliveries in excess of the case value.

Objectives

To determine:

- effectiveness of policies and procedures for monitoring supply performance.
- the extents to which U.S. Government appropriations have not been reimbursed for material shipped to FMS customers.
- the causes of extensive delays in case closeout.

Tentative Locations

Major Activities:

Air Force Logistics Command
Air Force Systems Command
Security Assistance Accounting Center
Subordinate Activities of above commands as circumstances require.

PROGRAM DATA

Division/Line Number	FM/ 17
Program Director	R. Townley
Project Manager	D. Steensma
Start Date	11/80
Man-Days	550

GOVERNMENT-FURNISHED MATERIEL FOR FOREIGN MILITARY SALES

Background

DAS Report on the Interservice Audit of Government-Furnished Materiel Applied to Foreign Military Sales Items (Report No. 79-035) disclosed the Services failure to bill individual GFM requisitions to FMS cases. In response to this report and the Services' comments, the Office of the Deputy Under Secretary of Defense Research and Engineering (ODUSDRE) requested that we continue to test for unbilled GFM on FMS cases. Our efforts to cover this subject as an add on to audits designed for other purposes have disclosed instances where the cost of GFM on FMS cases continues to be unrecovered. However, it has also resulted in an extremely limited scope. While this approach has disclosed isolated losses, it does not measure the potential magnitude of the problem and cannot provide an adequate basis for formulation of substantive corrective actions. This condition was discussed with ODUSDRE and OASD(MRA&L) in June 1980. As a result, they requested that another in-depth audit be performed to determine the magnitude of the problem.

Scope

The audit of GFM used on FMS contracts will cover application by the 3 Services. Specifically, an examination will be made to determine and evaluate all possible ways for GFM to appear on FMS work and the assurance that controls either exist or are needed to ensure that GFM used on FMS cases is appropriately charged to FMS customers.

Tentative Locations

Army, Navy and Air Force FMS management sites and contractor locations through CONUS.

Program Data

Division/Line Item	FM/18
Program Director	R. Townley
Project Manager	R. Pennisi
Start Date	12/80
Man-Days	640

LIFE-CYCLE MANAGEMENT OF THE
DOD STANDARD WAREHOUSE AND SHIPPING SYSTEMS

Background

In October 1978, the OASD(Comptroller) established a management policy and system for the review and decision processes in the development of major automated information systems (AIS). This life-cycle management (LCM) system was instituted to implement the requirements of OMB Circular A-109 "Major Systems Acquisitions," as it pertained to AISs. In recent General Accounting Office reports and Congressional hearings, the Congress has shown increasing interest in what actions DoD has taken to implement the LCM procedures. As a result of this interest, the DASD(Management Systems) requested that DAS review the implementation of LCM in the Military Departments. We have completed the review (Project OFF-046) and are preparing the audit report.

The same DASD(MS) request suggested we also review the development and milestone accomplishment of certain high visibility AISs. The OSD is responsible for milestone approval of 6 major AISs, one of which is the DoD Standard Automated Warehouse and Shipping Procedures (DWASP). Further, the Defense Logistics Agency is responsible for the development of this AIS and is the audit responsibility of DAS. Hence, a valuable audit service can be provided at several levels of Defense management, and we will be making progress towards our audit goal of effective ADP systems development audits as required by recent OMB and GAO guidance.

Objective

The general objective of the review will be to evaluate the effectiveness of DoD life-cycle management policies and procedures in the development of the DWASP system.

Location

OSD staff offices; Defense Logistics Agency; Military Department Headquarters; and selected field activities.

Program Data

Division/Line Number	FM/19
Program Director	R. Ryan
Project Manager	M. Huston
Start Date	12/80
Man-Days	500

REVIEW OF DIGITAL COMPUTERS USED IN
BATTLEFIELD SYSTEMS

Background

DoD has become increasingly dependent on automation in the accomplishment of its mission. Many of the computers used by DoD are embedded directly in various military equipments and are specially configured and constructed to operate in a military environment. One of the fastest growing areas of military computers has been battlefield systems. DoD's investment in such special purpose computers is projected to increase over 200 percent during the 1973-1984 time frame. Prior DAS computer audits have been limited to general purpose computers. We plan to initiate a series of reviews in the area of special purpose military computers.

Objectives and Scope

The initial review of special purpose military computers would include a review of the development and operations of digital computers used in battlefield systems. The rapidly increasing use of computers in battlefield systems and their critical necessity to the successful operations of major weapon systems requires that DAS initiate audits in this area.

Program Data

Division/Line Number	FM/20
Program Director	R. Ryan
Project Manager	A. Duncan
Start Date	1/81
Man-Days	750

REVIEW OF CHAMPUS HIGH DOLLAR PROVIDERS AND BENEFICIARIES

Background

For FY 1980, CHAMPUS benefit costs are estimated to be \$731 million. It is anticipated within the next few years, the annual costs will exceed \$1 billion. Under CHAMPUS, medical claims are processed and paid by fiscal intermediaries who are under contract with the Office of the Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS). As of March 1, 1980, OCHAMPUS had contracts with 9 fiscal intermediaries to process and pay CHAMPUS claims. While OCHAMPUS has a program to monitor the processing of medical claims, this program is limited in scope and frequency of review. Past audits have shown that CHAMPUS is vulnerable to fictitious claims submitted by both providers of care and beneficiaries. A review of claims submitted by high dollar providers and beneficiaries should identify potential program abuses.

Scope

The audit should consist of examination of claims submitted by the top 30 or so providers and the top 100 beneficiaries. Detailed audit work should be performed at 3 fiscal intermediaries.

Tentative Locations

OCHAMPUS-Denver, Colorado; Mutual of Omaha-Omaha, Nebraska; Blue Shield of California-San Diego, California; and Blue Cross of Washington and Alaska-Seattle, Washington.

Program Data

Division/Line Number	FM/21
Program Director	W. Schade
Project Manager	D. Stoker
Start Date	1/81
Man-Days	550

MUNITIONS PROGRAM - EUROPE

Background

For a number of years the Army and the Air Force requirements for munitions have greatly exceeded on-hand inventories and financed procurements. There is an indication that current requirements have not been adjusted to take into consideration the short-war, high intensity conflict that may occur if the Warsaw Pact should attack NATO. Additionally, the Army, to increase fire power, has authorized additional 8" howitzers for the 8" battalions located in Europe.

In addition to "suspect" requirements, previous audit reviews made by DAS have disclosed problems with basic loads, forward ammunition supply points, lack of trucking companies to haul ammunition and vulnerability of storage locations to enemy attack, including sabotage. The Air Force, in addition to a known shortage of air-to-air missiles, is also short munitions needed for close air support and interdiction.

Objective

The primary objectives of the review will be to evaluate the reasonableness of projected requirements; determine adequacy as well as survivability of storage facilities; analyze the impact of loss of munitions to enemy action in the conflict; and the capability of the Army and Air Force to resupply forward deployed units.

Scope

The munitions program is a multi-billion dollar program that has a direct bearing on the outcome of a conflict with the Warsaw Pact.

Location

OSD Staff Offices; Service Headquarters; Hqs. EUCOM, USAREUR, USAFE, and selected activities; and Army and Air Force units in Europe.

Program Data

Division/Line Number	FM/22
Program Director	E. Shirley
Project Manager	J. Gillis
Start Date	1/81
Man-Days	600

Security Assistance Program - Saudi Arabia and Egypt

Background

DoD Directive 5105.48 tasks the Defense Audit Service with the responsibility to perform audits of the SAP at all levels of management. Saudi Arabia continues to be the largest FMS customer. Egypt is both an FMS customer and the recipient of various forms of grants and credits. The Egyptian program is growing rapidly. Our last audit effort in Saudi Arabia was the requested review of the Corps of Engineers operations, Report No. 833, November 14, 1977. There has been no prior audit work in Egypt.

Objectives

The objectives of the review will be to evaluate the administration of U.S. responsibilities for the Security Assistance Program. We will determine if all costs incurred in support of the Security Assistance Programs for Saudi Arabia and Egypt were funded in accordance with current legislation. We will also evaluate allowances, emoluments and other support provided by the host countries.

Scope

Undelivered FMS orders were about \$15.2 billion for Saudi Arabia and \$200 million for Egypt. Egypt also is negotiating for grants in excess of \$1 billion. There are about 1,500 U.S. personnel in Saudi Arabia and 150 in Egypt.

Tentative Locations

U.S. Military Training Mission to Saudi Arabia, Dhahran, Saudi Arabia
U.S. Army Corps of Engineers, Middle East Division, Riyadh, Saudi Arabia
U.S. Army Project Managers Office to the Saudi Arabian National Guard, Riyadh, Saudi Arabia
Detachment 22, U.S. Air Force Logistics Command, Dhahran, Saudi Arabia
Office of Military Cooperation, Cairo, Egypt
Defense Security Assistance Agency, Washington, DC
Office of the Deputy Chief of Staff for Logistics, Department of the Army, Washington, DC
Office of the Assistant Secretary of the Navy (Manpower, Reserve Affairs and Logistics), Washington, DC
Office of the Deputy Chief of Staff, Program and Evaluation, Department of the Air Force, Washington DC
U.S. Army Materiel Development and Readiness Command, Washington, DC
Security Assistance Accounting Center, Denver, CO
Air Force Logistics Command, Wright-Patterson AFB, OH
Air Logistics Center, San Antonio, TX
Other ICPs as determined during the audit

PROGRAM DATA

Division/Line Number	FM/23
Program Director	R. Townley
Project Manager	D. Steensma
Start Date	3/81
Man-Days	600

SPECIAL PROGRAMS

AUDITS

Systems Reliability Program - Air Force

Background

The DoD Systems Reliability (SR) Program is a generic term used to describe a basic management process involved in overall acquisition planning under DoD Instruction 5000.2. The SR Program includes the various reporting systems established to obtain feedback information on weapons systems performance and the uses made of the information by acquisition managers to upgrade, modernize and replace fielded weapons systems as may be necessary. The DoD Consolidated Guidance FY 1980-FY 1984 envisions a continuous flow of information from the weapons systems operators to acquisition managers to enhance the materiel readiness of the military forces. The materiel readiness of the military forces is of vital concern to all oversight groups including the OSD/OJCS, the Defense Acquisition Committee, the Congress, and OMB.

Generally, the SR Program leads to the development of weapons systems acquisition and modification programs and the identification of operational requirements. Further, the SR Program provides a basis for assessing the effectiveness of the test and evaluation process, and the reliability and maintainability standards included in the design package; the basic materiel readiness control features available to acquisition managers. Systems reliability feedback information is also important to manpower and logistics planners.

With respect to materiel readiness, the Secretary of Defense in his annual report to Congress, Fiscal Year 1981 stated:

 Past Defense Reports have emphasized unreliable and hard-to-support equipment designs as a major, and often the principal, contributor to less-than-desirable weapon system performance in the field. An important means of improving the peacetime materiel readiness of our existing forces is by means of reliability and maintainability (RAM) modifications to weapon systems and equipment. All Services are pursuing RAM modification programs for correcting unsatisfactory aircraft designs.

Scope

About \$10 billion is programed in the FY 1981-FY 1985 FYDP for modification of Air Force weapons systems as follows:

<u>FISCAL YEAR</u>	<u>PROGRAM</u>
1981	\$ 2.1
1982	2.0
1983	1.8
1984	2.1
1985	2.0
Total	<u><u>\$10.0</u></u>

Objectives

To evaluate the implementation of the SR Program, and DOD Instruction 5000.2 and CMS Circular A-109 criteria related to selected deployed Air Force weapon systems; the flow of funds planned in the FYDP-1981 for modifications; and the effectiveness of basic materiel readiness control features available to acquisition managers.

Potential Benefits

Identify opportunities to upgrade the materiel readiness of fielded weapon systems through improved acquisition planning and any potential for increasing the effectiveness and economy of the Air Force modification FY 1981-FY 1985 programs.

PROGRAM DATA

Division/Line Number	SP/10
Program Director	C. Inglis
Project Manager	T.S.D.
Start Date	10/80
Man-Days	660

REVIEW OF MISSION ELEMENT NEED -
ADVANCED TACTICAL AIRCRAFT

Background

Two advanced tactical fighter aircraft systems are being developed by the Services - the Navy F-18 aircraft had estimated acquisition costs of \$29 billion as of December 1979 while the Air Force F-16 was estimated at \$18.5 billion as of that date. The F-18 and the F-16 are secondary tactical fighter systems that are designed to complement the primary F-14 system in the Navy and F-15 in the Air Force.

The F-18 is a twin-jet, strike-fighter intended for use aboard aircraft carriers or on shore. It would provide fighter escort for fleet defense as well as attack enemy sea or ground forces. Current estimates call for 1,377 F-18s to be built. It is designed to replace the Navy's aging fleet of F-4s, A-4s, and A-7 aircraft. Many problems have been experienced with this system.

The F-16 is a single-engine, lightweight aircraft designed for air-to-air combat and delivery of air-to-surface weapons, and will replace F-4s in the active Air Force inventory. A total of 1,388 aircraft are scheduled for procurement with 605 programed for delivery through FY 1981, and 783 scheduled through the end of the 1980s.

The adequacy of the Mission Element Needs Statement (MENS) process and adherence to OMB Circular A-109 is critical to the success of recent Secretary of Defense guidance. In his annual report FY 1981, the Secretary stated that "another" important initiative in our effort to improve the management of major system acquisitions is the introduction of affordability as a regular consideration in the MENS/DSARC process. The affordability policy is intended to strengthen the linkage between the PPBS and the DSARC and to provide stable funding to critically important programs.

Scope

As of December 31, 1979, SAR total acquisition costs for the F-18 and F-16 programs amount to \$47.6 billion. FYDP funding for the 2 programs is as follows:

	<u>FY 80</u> <u>& Prior</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>
<u>F-18</u>						
Dollars (Millions)	\$1,691	\$1,619	\$2,437	\$2,915	\$3,073	\$3,480
Quantity	34	48	96	147	174	191

<u>F-16</u>						
Dollars (Millions)	\$4,830	\$1,877	\$1,507	\$1,705	\$1,627	\$1,661
Quantity	425	180	120	120	120	120

Objectives

To perform program evaluations of the F-18 and F-16 plans in accordance with OMB Circular A-109 and DoD Regulations 5000.1, 5000.2 and 5000.3 to determine that the most affordable alternatives have been selected to meet the enemy threats of the 1980s and 1990s.

Potential Benefits

To provide independent evaluation of the acquisition management process for 2 major weapon systems that are programed at \$48 billion for OSD oversight and DSARC officials.

Program Data

Division/Line Number - SP/11
 Program Director - H. Bloom
 Project Manager - J. Woolsey
 Start Date - 10/80
 Man-Days - 660

INTEGRATED LOGISTIC SUPPORT PLANNING
FOR ARMY UH-60A HELICOPTER

Background

DoD Directive 5000.39 established policy and responsibilities for integrated logistic support (ILS), including manpower planning, as an inherent part of major system acquisitions. ILS planning is concerned with the definition, optimization, and integration achieved by systematic planning, implementation and management of logistic support resources throughout the system life-cycle.

The Army UH-60A (Black Hawk) helicopter has a projected total program cost of over \$5.8 billion. The Black Hawk helicopter was selected by the Navy as part of the LAMPS MK III system covered in our first ILS review under Project OAP-089.

The GAO is concerned that the Black Hawk helicopter will not be ready when Navy ships are prepared to install the LAMPS MK III system. Further, since the Navy has decided to buy additional LAMPS MK I systems, the GAO questions whether new ships being bought are capable of handling the LAMPS MK III system when they may have been designed to handle the smaller LAMPS MK I. Audit work will be done at project offices, buying activities and contractor plants.

Scope

The review will cover Army ILS planning for the UH-60A helicopter in accordance with the ILSP criteria set forth in DoD Directive 5000.39. The Army UH-60A helicopter weapon system is in the production phase of the major system acquisition process. The Selected Acquisition Report as of March 31, 1980, indicates the following cost data (millions):

<u>Funding</u>	<u>Current & Prior Yrs</u>	<u>Budget Year</u>	<u>FYDP</u>	<u>Balance to Complete Beyond</u>	
				<u>FYDP</u>	<u>Total</u>
Development	\$ 481.3	-	-	-	\$ 481.3
Procurement	<u>1,151.5</u>	<u>\$338.6</u>	<u>\$1,002.5</u>	<u>\$2,913.8</u>	<u>5,406.4</u>
Total	<u>\$1,632.8</u>	<u>\$338.6</u>	<u>\$1,002.5</u>	<u>\$2,913.8</u>	<u>\$5,887.7</u>

Prime contractors involved include the General Electric Company, Lynn, MA (engine) and Sikorsky Aircraft, Stratford, CT (airframe).

Objectives

Our objectives will be to evaluate both the ILS planning for the Black Hawk and the integration of the Black Hawk into Navy LAMPS MK III system. We will also review the sufficiency of the ILS planning process and related policy guidance.

Potential Benefits

To provide an independent evaluation for OSD oversight policy and decisionmakers of Army ILS planning that involves both Army and Navy weapon systems and related acquisition strategies.

Program Data

Division/Line Number	- SP/12
Program Director	- T. Leahy
Project Manager	- K. Malecki
Start Date	- 10/80
Man-Days	- 660

Medical Research Program

Background

Medical research in DoD involves continuous projects concerning diverse medical topics. FYDP element descriptions of research topics are general in nature and appear to routinely continue the efforts. In view of the stated increasing need for research dollars, the question arises as to whether consideration has been given to the priority of need to continue certain projects. Some of the typical medical topics addressed are:

- Biomedical technology
- Cardiovascular disease prevention
- Drug and vaccine development
- Pollution abatement
- Tropical medicine
- Infectious disease investigations
- Military disease hazards
- Military psychiatry

Scope

Each of the Services are engaged in various research projects. FY 1980 and FY 1981 funding was projected at \$96 and \$116 million respectively.

Objectives

To determine:

1. If there exists overall management and control over medical research projects.
2. If total expenditures for medical research projects are proportionate in relation to other research projects.

Potential Benefits

The audit could identify potential projects which should be discontinued due to duplication of effort or lower priority of need.

PROGRAM DATA

Division/Line Number	SP/13
Program Director	L. Fong
Project Manager	H. Murakami
Start Date	10/80
Man-Days	660

REVIEW OF MISSION ELEMENT
NEED - ANTISUBMARINE WARFARE

Background

Antisubmarine warfare (ASW) involves the surveillance, detection, classification, localization and attack of enemy submarines. Current ASW efforts include attack submarines, patrol aircraft, acoustic detection devices, helicopters, torpedoes and mines. The more significant ASW programs are limited under scope.

The adequacy of the Mission Element Needs Statement (MENS) process and adherence to OMB Circular A-109 is critical to the success of recent Secretary of Defense guidance. In his annual report FY 1981, the Secretary of Defense stated that "another important initiative in our effort to improve the management of major systems acquisition is the introduction of affordability as a regular consideration in the MENS/DSARC process. The affordability policy is intended to strengthen the linkage between the PPBC and the DSARC and to provide stable funding to critically important programs."

Scope

As of December 31, 1979, the SAR program acquisition cost summary included the following ASW systems.

- The P-3C patrol aircraft \$5.9 billion.
- The LAMPS MK III helicopter/ship system \$5.3 billion.
- The TACTAS sonar system \$1.1 billion.
- The SURTASS sensor system \$.6 billion.
- Attack submarine SSN-688 \$17.1 billion.

Objectives

To perform program evaluations of selected ASW systems acquisition plans under the criteria set forth in OMB Circular A-109 and DoD Regulations 5000.1, 5000.2, and 5000.3 to determine that the most affordable alternatives are being considered to meet the threat of the 1980s and 1990s.

Potential Benefits

To provide independent evaluations of the acquisition management process that impacts on multibillion procurement decisions for OSD oversight and DSARC officials.

Program Data

Division/Line Number - SP/14
Program Director - H. Bloom
Project Manager - J. Ottke
Start Date - 11/8
Man-Days - 660

Review of the Affirmative Actions
Program 9 Personnel Administration

Background

Chapter XIV Subpart B of Title 29 of the Code of Federal Regulations states that it is the policy of the Government of the United States to provide equal opportunity in employment for all persons, to prohibit discrimination in employment because of race, color, religion, sex, or national origin, and to promote the full realization of equal employment opportunity through a continuing affirmative program in each agency.

Scope

Approximately \$250 million is identified in the budget as personnel administration costs. The portion of the total costs that can be identified as the direct cost of affirmative actions towards implementation of an equal employment opportunity program will be developed during the survey.

Tentative Locations

Visit sites will be randomly selected from the 627 DoD personnel offices that are located worldwide.

Potential Benefits

To report:

1. Whether or not sufficient resources have been committed to assure a positive and effective affirmative action program.
2. Whether or not a performance measurement program relating costs to benefits has been established and used to assure the implementation of equal employment opportunity in an efficient manner.

PROGRAM DATA

Division/Line Number	SP/15
Program Director	A. Eckstein
Project Manager	R. Coffey
Start Date	10/80
Man-Days	660

Active Reserve and National Guard-Payroll Controls

Background

Reviews of Active Reserve (9AO-123) and National Guard (0AO-053) have shown that members were paid that did not attend drills and that members were paid that were not on the roster. These conditions were coordinated with the Defense Investigative Service for further investigation. Audit techniques included unannounced visits to the Reserve and Guard units, auditor control of the roster and attendance and subsequent follow up at the Finance Offices to determine who was paid for the drills.

The results of the prior 2 projects indicate that there is merit in performing an additional review of the Reserve/Guard payroll controls. This review would employ audit techniques geared to obtaining a simultaneous check of the computer generated payroll with the unit rosters with subsequent follow up and analysis of historical payment data.

Scope

Active Reserves and National Guard-Number of units and extent of review would be contingent upon available resources. Since this review, in addition to testing payroll controls, would be fraud oriented, it would not be advisable to break the project into phases for Reserve and Guard. FY 1981 payroll is \$2.7 million for more than 800,000 members.

Objective

Objectives will include: (1) evaluate controls at the Finance Centers to preclude issuance of checks to fictitious personnel and subsequent cashing of checks and computer manipulation by Finance Center personnel, (2) evaluate intermediate level controls, and (3) evaluate unit level controls and detect "payroll padding." Objectives to be coordinated and discussed with Defense Investigative Service.

PROGRAM DATA

Division/Line Number	SP/16
Program Director	A. Eckstein
Project Manager	E. Richards
Start Date	12/80
Man-Days	660
	61

Operational Test & Evaluation Program - Air Force

Background

Congressional concern with DOD acquisition practices for major weapon systems provides the justification for this effort. OMB Circular A-109 was issued to strengthen the process.

The program is monitored by the Director (T&E) within the Office of the USDR&E. The testing is provided by the developing command, by an independent operational test agency, and by the user. An assessment of the Air Force OT&E efforts is provided by the Defense Director (T&E) to the DSARC Committee at critical acquisition decision points.

Recent audits by GAO and DAS have disclosed problems in the DOD acquisition process, more specifically in the development, testing, and evaluation of systems being approved for production and service use.

Scope

The FYDP submission for Fiscal Year 1981 projects an acquisition program procurement investment for the Air Force of about \$229 billion. The Air Force Test and Evaluation support (PE 65 807F) effort provides for about \$300 million in FY 1981 and rises in increments to over \$400 million in FY 1985, as follows:

AF T&E PROGRAM

Source: FYDP RDT&E Annex, FY81 Submit dated 9-23-79

<u>PE 65 807F - Test & Evaluation</u>	
<u>(TOA in Millions)</u>	
<u>FISCAL YEAR</u>	<u>PROGRAM</u>
1981	\$ 308.3
1982	331.6
1983	359.9
1984	384.9
1985	407.4

Objectives

To evaluate the implementation of DOD Instruction 5000.2 concerning operational test and evaluation as a basic control in the acquisition management process, the effectiveness of OT&E in the acquisition of selected weapon systems, and the efficiency and economy of the Air Force OT&E FY 1981-FY 1985 programs.

Potential Benefits

Improve the material readiness of deployed weapon systems through more effective OT&E.

PROGRAM DATA

Division/Line Number	SP/17
Program Director	C. Inglis
Project Manager	T.B.D.
Start Date	1/81
Man-Days	660

Developmental Research - Air Force
Tactical Systems Other Than Missiles

Background

DoDD 5000.1 and DoDI 5000.2 implement the established policies of OMB Circular A-109 for the acquisition of major systems. Acquisition strategy developed at the beginning of new programs generally encompass the entire acquisition process. The strategy developed should provide sufficient detail and planning to permit competitive exploration, and, have a direct influence on competition and design efforts by contractors. A key feature involves the establishment of adequate reliability design and procurement package.

Scope

RD&E funds planned for Research and Development of Tactical Systems other than Missiles in FY 1981 and FY 1982 total \$1.1 billion and \$1.0 billion respectively. We will select systems which are in various stages of development for our review.

Objective

The objective of the audit will be to determine the adequacy of the acquisition strategy developed for the selected systems and to identify problems or constraints related to its development. It will also include an evaluation of the establishment and implementation of R&D goals and thresholds.

Potential Benefits

Audit results will contribute towards our overall evaluation of the acquisition process relative to the policies established by OMB Circular A-109.

PROGRAM DATA

Division/Line Number	SP/18
Program Director	L. Fong
Project Manager	Mazurik
Start Date	2/81
Man-Days	660

Selected Acquisition Reports Phase I - Army

Background

The General Accounting Office, in a recent (May 9, 1980) report, recommended that the Secretary of Defense direct ". . . an independent periodic review be made of the accuracy and completeness of SARs. . . ." The rationale behind this recommendation was that there was a reluctance to include data which ". . . detracts from an optimistic presentation of system capabilities, . . . progress and status." GAO stated, however, that it was precisely this kind of data that the Congress needed to review and fund programs.

SARs are the main source of information disclosing the plans, programs, status and problems concerning the acquisition of major weapons. As of December 31, 1979, SARs covered more than 50 weapon systems with a projected total cost of \$135 billion as shown on the attachment. About one-half of the acquisition programs are in the critical development stage when the SAR information is vital to the decisionmakers concerning whether or not to approve full-scale production.

Scope

SARs would be selected for review based upon proximity of DSARC milestones, the significance of the system, and information obtained from other systems acquisition reviews. Phase I will cover an Army SAR. The review would be accomplished at the Program Manager's office with visits to contractors' plants, test sites, and user activities, as appropriate.

Objectives

The primary objective of the audit would be to determine that the SAR provides full and objective disclosure of the status of the acquisition program in accordance with DoD Instruction 7000.3 and that any critical problems are reported. The secondary objectives would be to determine whether additional guidance, controls or support are needed to aid Program Managers to make full and complete disclosures in all their reports.

Potential Benefits

The potential benefits from weapon systems acquisition reviews and the related SARs are to improve the quality of management and the decisionmaking process on multibillion dollar acquisition plans.

PROGRAM DATA

Division/Line Number	SP/19
Program Director	T.M. Leahy
Project Manager	R.H. Pickard
Start Date	3/81
Man-Days	650

ADVANCED TRACKED VEHICLE PROGRAM REQUIREMENTS

Background

This review will evaluate the validity of requirements for allocating procurement funds to acquire selected tracked vehicles for the Army and Marine Corps. Questions have been raised concerning these various weapons systems as to whether DSARC procedures and milestones specified in DoD Regulations 5000.1 and 5000.2 have been successfully met to justify acquisition plans and procurement funding. The adequacy of the Mission Element Needs Statement (MENS) process and adherence to OMB Circular A-109 will also be evaluated. According to recent Secretary of Defense guidance, an important initiative to "improve the management of major system acquisitions is the introduction of affordability as a regular consideration in the MENS/DSARC process. The affordability policy is intended to strengthen the linkage between the PPBS and the DSARC and to provide more stable funding to critically important programs."

Scope

Modernization of the Army tracked vehicle program has taken the form of development and procurement of the XM-1 tank, the Infantry Fighting Vehicle (IFV) and the Cavalry Fighting Vehicle (CFV). Planned development and procurement funding through FY 1982 is estimated at about \$3.3 billion for 1,750 XM-1 tanks and \$1.4 billion for 1,100 IFV/CFV units. Substantial additional costs are planned for the outyears.

As of January 1980, the FYDP breakout of the Army's tanks and infantry fighting vehicle systems are as follows:

<u>XM-1</u>	<u>FY 80 & Prior</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>
Dollars (Millions)	\$ 1,100	\$1,007	\$1,003	\$ 990	\$1,580	\$1,581
Quantity	462	569	720	720	802	1,080
<u>Infantry Fighting Vehicle</u>						
Dollars (Millions)	\$ 265	\$ 464	\$ 542	\$ 592	\$ 809	\$ 860
Quantity	100	400	600	617	1,006	1,000

Objectives

To evaluate the implementation of OMB Circular A-109, the MENS process and DoD Regulations 5000.1 and 5000.2, in determining the propriety of allocating procurement funds for the acquisition of selected tracked vehicles. To determine if threat assessment and proper trade-off analyses have been accomplished in computing system requirements.

Potential Benefits

Recommendation of proper adherence to Secretary of Defense guidance on affordability and linkage of PPBS and DSARC management.
Determination as to the adequacy of the requirements validation process and the qualitative and quantitative vehicles planned for acquisition.

Program Data

Division/Line Number	SP/20
Program Director	H. Bloom
Project Manager	J. Woolsey
Start Date	3/81
Man-Days	660

S Y S T E M S A N D L O G I S T I C S

A U D I T S

Integrated Management of Non-Consumables

Background

DoD is in the advanced stages of consolidating management of individual non-consumable stock-numbered items that have multi-service application (annual Report of Secretary of Defense FY 1981, page 259). This process is an initiative of the Joint Logistics Commanders. The lead service for the program is the Navy.

The result of this process is the assignment of each item to a Primary Inventory Control Activity (PICA) in one Service. Each of the other Services which uses the item will designate a Secondary Inventory Control Activity (SICA) for the item.

Because each Service must fund for procurement of its own quantities of these non-consumable (appropriation-funded) items, the using Service may not be anxious to make its long supply assets available to another Service. We found indications, in our audit of retail stock excesses (GSS-070), that excess materiel reported by using activities to their respective SICA's, and which was excess to the requirements of the SICA, was not being reported to the PICA for DoD-wide visibility against requirements.

Scope

The subject is DoD-wide in scope, involving the four military services.

Objectives

Our general objective would be to identify problems associated with the recent integration of management of non-consumable items. Going in, we would have the specific objective of determining if excess assets of non-consumable assets are being adequately distributed DoD-wide based on visibility to, and control by, the PICA.

Potential Benefits

The audit could provide improved utilization within DoD of available stocks of relatively high dollar value non-consumable items (which may often also be critical to end item application and have a long procurement lead time). This may be achieved through identifying need for better procedures and more effective incentives, including more appropriate funding arrangements.

Areas of Emphasis

This project is not specifically in one of the areas of current audit emphasis. Like most DAS audits, it could identify some waste (of available assets) (area c), and could, by improving procedures to identify assets needed by other services, improve force readiness (area d).

PROGRAM DATA

Division/Line Number	SY/15
Program Director	E. Jones
Project Manager	J. Gebka
Start Date	10/80
Man-Days	450

Retail Stockage Criteria

Background

Two recent projects, 9SS-142 and 0SS-070, have examined the identification, reporting, and disposition of excess stocks being held at the retail levels of supply. In the course of these reviews we have observed that stockage levels at retail activities are developed using a wide variety of criteria, frequently without appropriate regard for other levels held within the supply chain, and on occasion without regard to the mission of the activity.

The proposed audit would be a "requirement" type audit which would consider not only the activity itself but related supply activities above or below it, or geographically close by.

DoD has developed a rather extensive supply policy for its retail activities through a program known as RIMSTOP (Retail Inventory Management and Stockage Policy). After exhaustive study of the military supply systems, DoD policies were published and are currently being implemented by the military services.

It seems appropriate now that we review the implementation of these policies to see if the desired results will be achieved, or if further guidance is deemed advisable.

The audit project would examine selected military retail supply activities, giving consideration to (a) their mission (b) their deployability (c) their place in the supply system and relationship to other supply activities, and (d) their geographical location in proximity to other supply activities.

Factors to be considered would be:

- actual order-ship time,
- actual demand for the sampled item,
- risk to mission of being "out-of-stock",
- the mission priority of the unit,
- capability to realistically move stock being held internally for deployment,
- availability of the item from a nearby source (military or commercial),
- possible duplication of safety levels between supplying activity and supplied activity,

- visibility and control of stock by wholesale manager (if stock is readily accessible for higher priority requirement, its physical or organizational location is not as critical), and
- physical availability for redistribution (stock on a ship at sea is not as available as that at a CONUS Air Force base).

Scope

The project is scheduled for survey only, primarily in Army, Navy and Air Force, the predominate users of material. Although some of the retail stockage information has been obtained in the two previous audits (9SS-142 and OSS-070), those audits have not afforded an opportunity for detailed examination of the rather sophisticated stockage criteria policies involved. Careful study of these policies in light of the factors listed above, and preliminary examination of their implementation, are necessary to determining the usefulness of audits and, if appropriate, development of an audit plan.

Objective

1. To determine if retail stockage criteria within representative supply chains are balanced and logical, to provide adequate but not excessive support to the users.
2. To determine whether the criteria between the services are reasonably balanced, considering relative national defense priorities of the supported units, to provide balanced claim on inventory and supply funds.

Potential Benefits

1. Possible revision of DoD policy to provide different or more specific guidance on retail stockage, to better meet mission readiness needs without avoidable overstockage.
2. Possible revision of the guidance within one or more of the military services toward the same purposes as (1) above.

PROGRAM DATA

Division/Line Number	SY/16
Program Director	E. Jones
Project Manager	J. Gebka
Start Date	3/81
Man-Days	540

Inventory Control

Background

This project has been planned previously (page 12, line 20 of 3rd/4th Qtr 1980 Audit Plan). However, it is necessary to provide additional information to explain its current status in the plan.

The subject matter is of interest to HAC (Hearings in May 1979) and to MRA&L (expressed verbally to DAS Staff). However, in the judgement of the audit staff, the planned project "Technical Data for Items of Supply," now scheduled to start in June 1980, may be of greater benefit. The Inventory Control project has thus been slipped to December, assuming that our survey of Technical Data will result in an audit.

HAC continues to express concern about "ripping off the supply system" about value of reported inventory adjustments, and about the nature of reported supply losses. There is a significant trend in the Army and Navy, and a smaller trend in the Air Force, from net inventory gains in FY 1976 to net losses in FY 1978.

We have information on a high rate of losses intransit which are unreported. MRA&L is concerned that additional inventory losses are occurring which are hidden by being misrepresented as "accounting adjustments." We also have indications of losses being recorded as "negative gains" to reduce the reported gross adjustment rate.

As a result of recent trends, DoD posted \$922 million in inventory losses and \$811 million in inventory gains in FY 1978. (as shown below).

These statistics show the value of inventory gains and losses for items inventoried under the Physical Inventory Control for DoD Supply System Materiel procedures.

\$ Value of Gains	1976	1977	1978
DLA	148,000,000	98,700,000	93,000,000
Army	500,100,000	443,900,000	523,900,000
Navy	80,400,000	79,600,000	84,700,000
Air Force	110,100,000	100,300,000	90,500,000
Marine Corps	1,000,000	5,500,000	19,100,000
Total DoD	<u>839,600,000</u>	<u>728,100,000</u>	<u>811,200,000</u>

\$ Value of Losses	1976	1977	1978
DLA	139,700,000	92,700,000	81,300,000
Army	499,300,000	562,900,000	589,900,000
Navy	97,600,000	123,100,000	144,500,000
Air Force	87,900,000	90,200,000	92,600,000
Marine Corps	2,400,000	6,500,000	13,900,000
Total DoD	<u>826,900,000</u>	<u>875,400,000</u>	<u>922,200,000</u>

Scope

This survey, and probably the audit to follow, would encompass Army, Navy, Air Force, DLA, and probably Marine Corps wholesale stocks. Although some survey work has been completed on this subject (Project 8SS-151) that work will be 2 years old by the time this proposed project is scheduled to start. Also, some of the potential problems now identified were not considered then. Therefore, it is necessary to do further survey to update the survey data, make preliminary review of the potential problem areas and develop an audit plan before beginning a detailed audit of this subject.

Potential Benefits

1. If substantial unrecorded losses in transit are found, this information could provide the basis for selective better controls which would reduce losses.

2. Possible improvement in the accuracy and reliability of reported inventory adjustment data and in the management information and review processes which could lead to more appropriate selective controls over inventories.

PROGRAM DATA

Division/Line Number	SY/17
Program Director	E. Jones
Project Manager	J. Helfrich
Start Date	2/81
Man-Days. (Survey)	500

Productivity Measurement in RPMA's

Background

The DoD real property investment in terms of acquisition cost is valued at more than \$48 billion and the replacement cost is many times that. The real property maintenance costs were \$1,906 and \$2,153 million for 1978 and 1979 respectively. The estimated cost for 1980 and 1981 are \$2,003 and \$2,608 million respectively.

Much of the RPMA work is performed by in-house personnel. The RPMA function is labor intensive and the productivity of the people materially affects operational cost. Several years ago, GAO issued a report showing that increased efficiencies can be obtained in RPMA through the adoption and use of engineered performance standards. The Navy was asked to develop, under joint DoD funding, standards to be used by all military services. In 1978, the HAC added \$500,000 and 16 positions to the Navy budget for this program.

During a recent visit to the San Antonio Real Property Maintenance Activity (SARPMA), I discussed the productivity measurement system with the SARPMA Commander. He indicated that his overtime costs were very high and complained that he was unable to analyze productivity to determine the causes. He agreed that a review of the use of engineered standards in RPMA functions would be a worthwhile effort to be undertaken by DAS. As part of this audit, we will include DLA Request #80-III-W-18

Scope

The audit will include productivity measurement systems for RPMA operations of all services and DLA. The audit will include an expanded review of job order processing at the Defense Depot, Ogden, Utah.

Objectives

We plan to evaluate the status and the effectiveness of the engineered performance measurement system for RPMA operations. As part of our review, we will determine if the actual time taken to perform a task is compared to the standards and reasons for deviations identified and analyzed. If we find that the standards are not being used in this manner, we intend to compare actual time to the standards and to analyze major differences. The audit at the Defense Depot, Ogden, Utah will be expanded to include job order processing procedure to include estimating, scheduling, supply control, cost control, evaluation and record maintenance.

Potential Benefits of the Audit

The results of the audit should give us an indication of RPMA personnel productivity and staffing requirements. It will also provide the internal audit service requested by DLA.

PROGRAM DATA

Division/Line Number	SY/18
Program Director	R. DeCarli
Program Manager	L. Weintrob
Start Date	11/80
Man-Days	750

Defense Retail Interservice Support (DRIS) Program

Background

DoD policies provide that the Services and Defense agencies should rely upon each other for common support. These policies were intended to reduce the extent to which organizations in the same geographic area performed redundant functions. To accomplish this end, DoD established the Defense Retail Interservice Support (DRIS) program. DLA has been assigned as the program manager. DRIS has been in effect for at least 5 years. Prior to the organization of DAS, the DLA Auditor General organization issued a report critical of DRIS. Subsequently, DAS issued a report suggesting improvements to the program. Since these reports, the DRIS program has seen substantial changes. The most drastic change was the establishment of Joint Interservice Resource Study Groups (JIRSGs). The JIRSGs were formed where there were 10 or more DoD organizations in a 50-mile radius. Their purpose is to study common functions and obtain greater interservice support. To date, the JIRSGs have completed 100 studies and have 1300 more planned through 1982. The accomplishments of the JIRSGs have not been good. The 100 studies resulted in no increased interservicing. Service parochial interests and differences in operating procedures were cited by the DRIS program manager for the lack of accomplishments. Furthermore, many of the JIRSGs appear to be giving the DRIS program only "lip service." The GAO is now reviewing interservice support as part of its audit titled "Reducing Base Operating Support Costs." GAO has not reviewed the JIRSGs, the DRIS studies or their accomplishments. GAO appears to be headed toward writing a report stating that DLA does not have the clout necessary to force interservicing actions.

Scope

The dollar value and the number of personnel who should be involved in interservicing cannot be determined.

Objective

The audit will include an evaluation of DRIS program management by DLA, the effectiveness of the JIRSG concept and the reasons why interservicing is not increasing. As part of the review, we will identify stated procedural differences which prevent interservicing and will either examine these differences or schedule additional reviews to determine the validity of the differences.

Potential Results of the Audit

- Evaluation of JIRSG process before 1300 more studies are performed.

- Identification and analysis of procedural differences which prevent interservicing.

- Highlight activities which are not pursuing interservicing for parochial reasons.

PROGRAM DATA

Division/Line Number	SY/19
Program Director	R. DeCarli
Project Manager	T.B.D.
Start Date	11/80
Man-Days	650

ADEQUACY OF MILITARY FAMILY HOUSING

Improving the quality of life for military personnel is one of DoD's high priority programs. The quality of family housing units impacts directly upon this program. DoD currently has in its housing inventory 20,000 units that are rated inadequate. Most of the inadequate quarters are occupied and the personnel forfeit part of their quarters allowance (about 90 percent) to live in the inadequate units. DoD has a program to schedule the inadequate housing for replacement, upgrade, or disposal at the end of its economic life. There are also congressional constraints on the number of inadequate housing units that can be held in the inventory. These constraints may be counterproductive in the sense that housing units that should be classified as inadequate may not be so classified and the living conditions of occupants forfeiting their entire quarters allowance may be poor.

Scope

We plan to evaluate DoD's management of the inadequate housing inventory and examine the physical conditions of the adequate housing units occupied by lower grade military personnel.

Objectives

We plan to review:

- the conditions of the units designated inadequate and the plans for the units;
- the actions taken by the installations to upgrade inadequate units and problems encountered;
- the cost of operating the substandard units;
- the possibility that the units were classified as substandard to justify new construction;
- existing expenditure restrictions on inadequate housing to determine if they are prudent;
- the physical condition of adequate units occupied by military personnel (particularly low graded enlisted) to determine whether they should be classified as inadequate;
- the reasonableness of BAQ forfeiture rates for persons living in inadequate quarters.

Potential Benefit of the Audit

The audit will provide an overall assessment of DoD's management of quarters designated as inadequate and provide a picture of the family housing condition in which lower graded personnel are living. The audit may indicate that more funds are needed or the funding priorities have to be adjusted.

PROGRAM DATA

Division/Line Number	SY/20
Program Director	R. DeCarli
Project Manager	A. Wyllie
Start Date	2/81
Man-Days	600

FREIGHT CLASSIFICATIONS

By memorandum dated May 29, 1980, the Deputy Assistant Secretary of Defense (Supply, Maintenance and Transportation) requested that we initiate an audit in the area of freight classification as soon as possible in light of the deficiencies cited in a study made by the Defense Logistics Agency, the Military Services, and the General Services Administration. The study was made during the period June 1976 through July 1978

Background

At this time we have no background data. The only information we have on the subject is the findings as disclosed during the review cited above

Scope and Objectives

The survey will be performed at DLSC and the offices within the Services who have cognizance in the area of freight classification. We will also determine MTMC's role in this area, and the impact that this lack of uniformity has on the movement of freight. Our specific scope and objectives will be determined during our survey period.

Program Data

Division/Line Number	SY/21
Program Director	S. Nadel
Project Manager	J. Begley
Start Date	3/81
Man-Days	150

Retention Policies and Procedures - Officers and Cadets

Background

For several years DoD and the Congress have worked to jointly develop a Defense Officer Personnel Management Act (DOPMA). The primary purpose of DOPMA was to standardize the management of officer personnel and eliminate inequities between and within the Services in such matters as regular/reserve officer promotion/retention policies and procedures, "up-or-out" criteria, mandatory retirement, etc. The current status of DOPMA is not known; however, the involuntary separation "up-or-out" feature in the Act has been the subject of disagreement between the U.S. House of Representatives and the U.S. Senate. For FY 1980 the House recommended a moratorium on "up-or-out" but the Senate opposed it. The House action was accomplished by a reduction of \$22.7 million in the Military Personnel Appropriation (Army \$10.4M; Navy \$2.4M and AF \$9.9M), representing the cost of recruiting and training replacements for these officers. As a policy, up or out appears to be wasteful of valuable manpower.

Retention has also been a problem with cadets, both in the Reserve Officer Training Corps (ROTC) and in the Service academies. At Service academies, the Services have long experienced high attrition rates (averaging about 35 percent during the 4-year program). We are also concerned that ROTC and academy cadets are "walking away" from commissions after they have been educated at DoD expense. During FY 1981, DoD expects to spend about \$275 million for officer acquisition training. A large portion of this supports ROTC and the 3 Service academies.

Scope

The number of officers affected by "up-or-out" criteria is not presently known; however, the cost of recruiting and training replacements in FY 1980 was estimated at \$22.7 million.

The FY 1981 input to the 3 Service academies is projected as 4,259 with an output of 2,855 or 67 percent (total annual training loads are about constant at 12,600 students). Average enrollments in ROTC in FY 1981 total 97,668.

Objectives

The review will include an evaluation of the Services' up or out policies to determine whether the Services are getting rid of competent officers and what other effect this program has on the retention of qualified officers.

The review will also include an evaluation of retention policies and procedures pertaining to ROTC and academy cadets and whether the Services are receiving the maximum possible use of individuals who receive this education.

Potential Benefits

The review could have a significant impact on officer acquisition training costs that is estimated at \$275 million during FY 1981.

Tentative Locations

OSD & Service Headquarters, Washington, D.C.
Service Training Headquarters (TRADOC, CNET & ATC)
Service Personnel Centers (MILPERSCEN, NAVPERS & AFMPC)

PROGRAM DATA

Division/Line Number	SY/22
Program Director	W. de Monye
Project Manager	R. Baker
Start Date	11/80
Man-days	720

Review of Graduate Education

Background

The Congress has long been concerned about the DoD graduate education program. In FY 1980, the House Appropriations Committee reduced funding by \$2.5 million for graduate education and criticized DoD for underutilizing the Air Force Institute of Technology (AFIT) and the Naval Post Graduate (NPG) School. In past years, the Congress has complained about:

- educating too many people;
- overstating requirements; and
- improperly using personnel who had been educated.

Also, it has interested the auditor that the Service academies offer only bachelors degrees; whereas leading colleges and universities offer masters and doctorate degrees in many fields. Further, senior officer schools educate personnel for 9 to 12 months but do not confer degrees for this work.

Scope

The review will include the 3 Service academies; AFIT at Wright-Patterson AFB, OH; NPG in Monterey, CA; the Industrial College of the Armed Forces (ICAF), Washington, DC; and the senior Service schools at Carlisle Barracks, PA; Newport, RI; and Maxwell AFB, AL.

Objectives

The audit will evaluate the cost-effectiveness aspects of the following to determine whether:

- The Service academies can and should offer advanced degrees.
- AFIT, NPG & ICAF are operated at or near capacity.
- Senior service colleges can and should offer advanced degrees.
- Advanced degrees should be obtained from civilian colleges or universities.

The audit will also include a review of advanced degrees held by warrant officers, limited duty officers, enlisted personnel, civilian employees, as well as reserve and national guard personnel to determine whether these individuals could be used to supplement or reduce advance degree requirements for officers.

Potential Benefit

The review could have significant impact on the DoD graduate education program that, during FY 1980, was funded at about \$36 million. Another \$22.5 million was programed for senior service colleges for FY 1981.

PROGRAM DATA

Division/Line Number	SY/23
Program Director	W. de Monye
Project Manager	J. Meche
Start Date	3/81
Man-Days	690

Defense Activity for Nontraditional
Education Support (DANTES)

Background

The primary mission of DANTES is to provide nationally recognized testing (SAT, CLEP, GED, etc.) and certification program support to installation education offices and to facilitate the availability of independent study courses from civilian institutions. DANTES also acts as the technical representative for DoD on some education research contracts and provides transcript service for USAFI courses completed prior to May 1974. MRA&L has requested we review the testing program administered by DANTES and the approximately 850 testing centers in DoD. DANTES centrally procures and furnishes tests to the testing centers. Some testing centers apparently encourage unqualified individuals to take tests to inflate center workload. In addition, DANTES has informed us that there are indications that DoD has paid for examinations that were either not received or were lost after receipt. Installation education offices also procure various tests for use in the testing centers, possibly duplicating DANTES efforts.

Scope

The audit would cover the DANTES operations, including purchase of tests by both DANTES and education offices as well as the uses made of those tests. The FY 1980 budget for DANTES is about \$4 million. Additional testing costs are incurred by DoD installations.

Objectives

The objectives are to determine whether:

- Testing centers are administering tests to only qualified personnel.
- There are adequate controls over the receipt, storage and use of tests.
- The most efficient and effective practices are used for the procurement of tests.

Potential Benefits

DANTES estimates that up to \$500,000 was spent in FY 1979 on retesting of personnel. Some retesting may be appropriate. However, retesting to build workload or to increase the likelihood of passing without adequate preparation is a wasteful practice. The potential for fraud and abuse increases substantially if internal controls are inadequate over the receipt, storage and use of tests.

Tentative Locations.

OASD(MRA&L)

Service Headquarters

DANTES, Pensacola, FL

Various DoD Installations (primarily in SE U.S.)

PROGRAM DATA

Division/Line Number

SY/24

Program Director

W. de Monye

Project Manager

R. Baker ---

Start Date

3/81

Man-days

390

DoD Precious Metals Recovery and Utilization

Background

During the period September 1977 - May 1978 a series of 5 DAS audit reports were issued criticizing nearly all aspects of the DoD Precious Metals Recovery and Reutilization Program.

1. Both accountable and physical controls over precious metals were not adequate to preclude loss and/or misappropriation.

2. Only a small percentage of the potential precious metals bearing items had been identified in DPDS's master file, (14,000 of an estimated 150,000 potential) and the actual percent of precious metal content was known for only 1,200 of the 14,000.

3. Millions in procurement dollars were wasted by not utilizing Government-Furnished Material (GFM). GFM precious metals were not used on 76 percent of the sample procurement actions reviewed. When the prior audits were performed the price of gold was \$150 per ounce and silver was \$5 per ounce. A January 2, 1980 article in the Wall Street Journal referenced our prior audits. The Chief of the DPDS recovery program at Colts Neck, NJ, purports that accountability and physical controls have been greatly improved. The article also stated that 84,000 parts have not been coded for precious metal content. The Chief did disclose that utilization is not what it should be considering it is furnished at recovery cost, 22¢ an ounce for silver and \$20.21 for gold. He said, "The demand for this stuff should exceed what we're generating, but it doesn't." The distribution program, he said, "isn't being utilized fully."

This project was scheduled to start early in the 3rd quarter 1980 but was deferred at the request of the DPDS Commander. DPDS had contracted with 3 commercial firms to test new methods and determine the economics of recovering precious metals from electronic scrap. These tests were not scheduled for completion until May 1980.

Also "DLA's FY 1980 Audit Requirements," dated March 19, 1980 identified as a priority 1 requirement, "Precious Metals Recovery Program Billing" (80-I-C-03).

Scope

The review would be interservice. We would review procedures and controls over the identification of precious metal bearing surplus property, recovery of precious metals, accountability,

and utilization of recovered precious metals. We will also evaluate intergovernmental and intro-DLA billing procedures of the precious metals recovery program per DLA's request. During the survey we will determine if all aspects will be reviewed concurrently or on a phased basis.

Objective

Our objective will be to determine what progress has been made since our prior reviews and to identify remaining problem areas.

Potential Benefit

The potential dollar impact of any audit finding has increased significantly since our prior review due to the substantial increases in the price of gold and silver. Considering the Chief's comments regarding utilization it would appear there is still a high potential for additional DoD dollar savings through increased utilization of GFM precious metals on DoD procurements.

Tentative Locations

Activities to be visited in the survey would include:

DLA HQ - Washington DC
DPDS HQ - Battle Creek, MI
Precious Metals Recovery Office - Colts Neck, NJ
DISC - Philadelphia PA
New York Assay Office, New York, NY
Selected Service Inventory Managers
Selected DPDO's

PROGRAM DATA

Division/Line Number	SY/25
Program Director	H. Hertenstein
Project Manager	D. Reed
Start Date	10/80
Man-Days	800

Administration of Cost
Accounting Standard 410 - General And
Administrative Expenses

Background

Cost Accounting Standard (CAS 410) defines G&A expenses and provides for 3 cost input bases to be used by contractors to allocate such expenses. The language in the standard, however, is imprecise and subject to interpretation. This has led to contractors manipulating their accounting systems to unduly allocate overhead costs to Government contracts and/or to gain competitive advantages.

This audit was scheduled for the 4th quarter, FY 1979 but was deferred in August 1979 because DCAA had informed DDRE of problems in implementing CAS 410 at several contractors and requested that DCAA be given authority to determine if contractors are in compliance with the standards and authority to withhold payments until they are in compliance. As of April 21, 1980 no further action has been taken and none is expected soon.

It seems that since August 1979 the administration of the Standard (by ACOs) has gotten progressively worse as evidenced by the following conditions cited recently at an Air Force Pricing Symposium:

- ACOs are not citing contractors for noncompliance with the standards when the contractors are manipulating their accounting systems merely to gain a competitive advantage.

- ACOs are repeatedly reversing their own earlier decisions regarding compliance and often ignoring competent DCAA advice.

- An increasing number of contractors have filed appeals with the ASBCA.

- ACOs are not trained accountants which results in improper decisions and/or inconsistent treatment.

Scope

The CAS 410 covers G&A expenses which equate to \$5 to \$10 billion of annual procurement costs. At one contractor alone, about \$200 million of costs have been improperly treated.

Objective

To determine the adequacy of actions relating to the enforcement of the standard by contracting officers and others.

Potential Benefit

The audit should result in a definitive identification of the scope of administration problems and be instrumental in getting the long awaited corrective action.

PROGRAM DATA

Division/Line Number	SY/26
Program Director	H. Hertenstein
Project Manager	M. Nielsen
Start Date	10/80
Man-Days	600

Management and Control of Engineering
and Technical Services

Background

One result of the OSD reorganization in 1977 was the assignment to the Maintenance Directorate (MD) of ASD(NRA&L) responsibility for DoD Directive 1130.2, "Management and Control of Engineering and Technical Services." The Director for Maintenance Policy has become increasingly concerned about the wartime role of contractor supplied engineering and technical services in support of weapon systems overseas. A contractor, LMI, was tasked to (a) determine the extent of the Military Services' reliance upon civilian (in-house and contract) technicians in critical equipment support roles, (b) assess the effectiveness of existing DoD engineering and technical services policy, and (c) recommend revisions to existing DoD policy.

The LMI study was recently completed and reported the following: (1) There is a significant lack of visibility at the headquarters level regarding how much reliance is placed on contractors for engineering and technical services or where the support is being provided; (2) Military Departments consider use of contractor engineering and technical services essential/indispensable/critical in support of military equipment in both CONUS and overseas (over 50 percent of civilian technical assistance is overseas); (3) cost of contract personnel is at least double or triple that of in-house civilian personnel per manyear; (4) military maintenance skills have not kept pace with requirements; (5) contractor engineering and technical service requirements are likely to increase in the future due to greater skills required to maintain modern sophisticated weapon systems at satisfactory readiness levels; (6) policies stated in DoD Directive 1130.2, "Management and Control of Engineering and Technical Services" are only partially being adhered to but may need minor revision to satisfy real-world requirements; (7) in the past, contractor engineering and technical services in wartime has generally been outstanding but potential problem areas and alternative solutions that will satisfy future engineering technical assistance requirements need to be explored.

The LMI report was considered useful by the Maintenance Director, however, the Maintenance Director believes that the status on implementation of the Directive can be better determined by an audit rather than further study effort. Accordingly, an audit request was submitted to DAS.

Scope

We propose to determine the extent of implementation of DoD Directive 1130.2 by the Services. The survey effort will be directed primarily at the Service Headquarters' level, with limited test checks in the field as found necessary.

Objectives

1. To evaluate the extent of implementation of DoD Directive 1130.2 with emphasis on the administration of the program.
2. To evaluate conformance with Defense Acquisition Regulations in acquisition of Engineering and Technical Services.

Potential Benefits

Providing the OSD Maintenance Directorate with sufficient data to enable them to revise existing policies and programs and manage the Engineering and Technical Services program.

PROGRAM DATA

Division/Line Number	SY/27
Program Director	D. Best
Program Manager	L. Woods
Start Date	10/80
Man-Days	540

Aircraft Modifications

Background

The Services use RDT & E procurement and operations and maintenance funds to initiate, develop, procure, and install modifications/alternations of weapons systems and related subsystems and equipment. The elements of the Integrated Logistics Support (ILS) concept apply to each modification of consequence (e.g., changed technical data, personnel and training, provisioning, facilities, changed support and test equipment, management data, etc.)

Current DoD emphasis is upon modernization of weapons systems in existence now in lieu of development of new weapons systems. To illustrate, the Navy plans to spend more than \$3 billion over the next 5 years for advanced technology for about 200 projects; about half of the new technology affects the modification/alternation of existing weapons systems.

Past expenditures for modifications/alternations, particularly for improvements in reliability and maintainability (R & M), have been great in cost with little perceptible increase, and sometimes degradation, in weapons systems'/subsystems' R & M. Examples include:

- The Air Force APQ-120 (F-4E) and Navy/Marine Corps AWG-10 (F-4J) radars for Sparrow missile control have been in existence for about 14 years. The MTBF for the subsystems was established at approximately 18-20 hours. In spite of a great many modifications to the subsystems and related ground support equipment, neither subsystem has attained more than half of its planned MTBF. For the APQ-120, a substantial modification at the Ogden ALC was said to have reduced the MTBF to about 2 1/2 hours; the subsystem must again be modified to realize the pre-modification MTBF. A similar situation apparently affects aircraft turbine engines, where maximum operating times remain unchanged for years in spite of continual modification.

Modifications usually generate from operational commands and/or higher headquarters, and are generally recommended by the subsystem vendor representative.

During the past, and presumably at present, many modifications/alternations were approved and procured with little or no operational testing. This would presumably account for the failure of some R & M modifications, and probably some modifications for improved operational performance to in fact improve subsystems. Pratt and Whitney (P & W) officials stated that they convened with airlines officials at meetings twice annually to identify engine problems that should be pursued and to convince

engines. General Electric (GE) uses a similar, but less formal procedure with similar results. The following data is indicative of modification costs for selected Service aircraft engines:

<u>Service</u>	<u>Engine TMS</u>	<u>Qualification Test Date</u>	(\$ Millions)	
			<u>Initial Investment</u>	<u>Modification Costs</u>
Army	T-55-L-712	(2)	\$295.2	\$109.4
Navy	TF41-A-2	Aug 69	485.2	158.5
Navy	TF34-GE-2,400A	Aug 72	267.2	99.3
Navy	TF30-p-412-414	May 71	1.56 Billion	847.2
Air Force	TF41-A-1	Apr 69	228.5	195.4
Air Force	TF34-GE-100	Oct 74	1 Billion	166.5
Air Force	TF30-P-3,7,9,100	Nov 66	962.9	246.6

(1) Costs shown are for component improvement program (CIP) and kit costs; probably does not include support costs such as special tools for maintenance, technical data, personnel training and other support costs; depot and base kit installation costs also may not be included. CIP for the engines noted are expected to be about \$470 million during the period 1980 - 1985.

(2) Date unknown, but probably during the late 1950s or early 1960s.

Complete budget data regarding modifications/alternations for avionics, weapons control and other subsystems was not readily available. Ship alternation O & MN funds alone, authorized by Congress, were \$83.15 million. All modification costs for other weapons systems/equipment were not available due to: (1) applicable costs for O & M funds were "rolled up" into at least budget programs 2,3,7, and 8; and (2) RDT & E and procurement budgets were not available. Based upon data available during FY 1978, and assuming cost increases for inflation and the stress now placed upon weapons systems modernization, total funds for modifications/alternations can be expected to exceed \$6 billion for FY 1980.

Scope

It is proposed that the initial audit be limited to aircraft; follow-on audits could be done of missiles, ships, tanks and

other equipment. For aircraft, it is proposed to select one or 2 engines and one or 2 radar/missile control or avionics subsystems which have been in each Service's inventory for 10 or more years. Data would be accumulated identifying all costs incurred for R & M modifications, and the R & M results obtained. A similar sample of much newer engines and electronic subsystems would be selected, and costs incurred and R & M improvements obtained would be determined. For both samples, the procedures used to select modifications would be identified and evaluated. Most cost data would probably be available only at contractors' sites (i.e., based upon past experience).

Objectives

To identify fund wasted in the procedures used to select modification and the adverse impact upon operational readiness. It is anticipated that the primary cause for the lack of success of many R & M modifications is that the Services do not require vendors to prove the merits of proposed modifications by means of operational tests and evaluation. The audit could be expanded to include enhanced operational capability modifications, for the items selected, at the cost of little additional time.

Potential Benefits

The purpose of the audit would be to encourage the Services to spend scarce funds only for modifications/alternations that were proved to be both cost-effective and desirable.

PROGRAM DATA

Division/Line Number	SY/28
Program Director	D. Best
Program Manager	T.B.D.
Start Date	1/81
Man-Days	580

Occupational Safety and Health Training

Background

Every year 70,000 DoD civilian employees are injured in work-related accidents and another 2,000 contract work-related illnesses. In 1978, the latest year for which complete data is available, accidents and illness killed 28 DoD civilians and caused \$900 million in property damage. A total of 245,000 workdays were lost because of accidents and illnesses in 1978. In 1979, 58,000 civilian employees were awarded about \$213 million as compensation for work-related injuries.

Since the passage of the Occupational Safety and Health Act of 1970, Executive Orders, DoD Directives and Military Department regulations have all required occupational safety and health training for DoD personnel. As a minimum, OSD managers believe that the training should:

- Instruct employees on how to report unsafe or unhealthful working conditions,
- Include instruction in the use of personal protective equipment,
- Emphasize programs for high hazard locations or occupations, e.g., asbestos work, confined spaces, explosives, etc.,
- Be an integral part of new employee indoctrination programs and supervisory development courses, and
- Receive full top management support as evidenced in base level OSH newspaper articles, posters, displays, and handouts.

On May 28, 1980, the DASD (Energy, Environment & Safety) asked for a review of occupational safety and health training in DoD.

Objectives and Scope

The DASD (EE&S) asked us to determine the extent and effectiveness of occupational safety and health training actually given to DoD line supervisors and employees and,

if deficiencies exist, to identify methods to improve the training program. We plan to do this by:

- Evaluating Service and Defense Agency regulations,
- Reviewing training programs at selected installations,
- Reviewing records, if any, of attendance at programmed training sessions,
- Interviewing line supervisors and employees with respect to their knowledge of the hazards of their specific jobs and work areas, safety and health standards applicable to them, relevant symptoms of possible illnesses and other matters that should have been, or were, covered in training sessions.

We plan also to cover enforcement of safety and health precautions. Prior audits lead us to believe that requirements for use of protective devices (goggles, ear plugs, etc.) are often not enforced.

Tentative Locations

We may cover the following installations if teams from the offices shown below are available.

<u>Base</u>	<u>Office</u>
<u>Survey Phase</u>	
OSD and Service Hq. in Washington	Los Angeles
Army Safety Center, Ft. Rucker, AL	"
Navy Safety Center, Norfolk, VA	"
Air Force Inspection & Safety Center, Norton AFB, CA	"
Hq. AFLC, Wright-Patterson AFB, OH	"
Army Health Services Command, Ft. Sam Houston, TX	"
Navy Regional Medical Center, Long Beach, CA	"
<u>Audit Phase</u>	
Marine Corps Base, Camp Pendleton, CA	Los Angeles
Navy Public Works Center, San Diego, CA	"
Naval Shipyard, Long Beach, CA	"

Naval Air Rework Facility, San Diego, CA	Los Angeles
Naval Air Facility, China Lake, CA	"
Air Logistics Center, McClellan AFB, CA	"
Air Logistics Center, Hill AFB, UT	"
Norton AFB, CA	"
U.S. Army Proving Ground, Aberdeen, MD	Philadelphia
U.S. Army Picatinny Arsenal, NJ	"
Letterkenny Army Depot, Chambersburg, PA	"
Tobyhanna Army Depot, PA	"
Military Ocean Terminal, Bayonne, NJ	"
Ft. Detrick, MD	"
Naval Shipyard, Philadelphia, PA	"
Defense Depot, Mechanicsburg, PA	"
Air Logistics Center, Robins AFB, GA	Atlanta
Marine Corps Logistics Support Base, Albany, GA	"
Anniston Army Depot, AL	"
Redstone Army Arsenal, AL	"
Naval Shipyard, Charleston, SC	"
Naval Air Rework Facility, Pensacola, FL	"
Navy Public Works Center, Pensacola, FL	"
Navy Aerospace Medical Center, Pensacola, FL	"

Potential Benefits

1. Respond to an OSD request.
2. Provide OSD with a baseline against which future training progress can be assessed.

PROGRAM DATA

Division/Line Number	SY/29
Program Director	B. Early
Project Manager	T.B.D.
Start Date	11/80
Man-Days	570

Fuel Consumption Reporting

In 1975, as a result of the increasing emphasis on energy management, the Department of Defense established the Defense Energy Information System, which tracks energy consumption. The Defense Fuel Supply Center purchases bulk mobility fuels for the military services. The military departments plan, program, and budget operations and maintenance funds to buy fuel from the Supply Center. Mobility fuel is dispensed from the Center's "Wholesale" system with stock fund pricing. In June 1980, the DASD (Energy, Environment and Safety) advised us that the two systems are not currently compatible, i.e., an audit trail cannot be traced from the planning, programming and budgeting process to the final reported consumption in the Defense Energy Information System. He stated that DOD should be able to reconcile the differences and account within 1% for all fuels planned, purchased, and expended.

Objectives: The DASD(EE&S) requested an audit to:

- Reconcile the various systems used to track fuels, directly or indirectly, by several large oil-using bases in each service,
- Determine the margin of error between the systems, and
- Make recommendations for reducing the differences.

Scope: The request addressed itself to all types of mobility fuels but stated that first emphasis should be on posts, camps and stations that first order fuel for administrative and support functions under "retail" call-type contracts issued by the Defense Fuel Supply Center. Gasoline and diesel fuel are the mobility fuels commonly used for administrative and support functions. We plan to restrict the scope of this audit to those fuels. Separate audits of other fuels will be scheduled if warranted.

All three service audit agencies are heavily involved in fuels management audits. During the survey, we will determine if our audit effort can be limited through use of their reports.

Tentative Locations

Survey - Defense Fuels Supply Center, Cameron
Station, VA
Army, Navy and Air Force Energy Offices
and Petroleum Requirements Offices,
Pentagon

One base in each service and major commands
as necessary. The bases probably will
be:

Norton Air Force Base, CA
Sharp Army Depot, CA
Naval Construction Battalion Center,
Port Hueneme, CA
Marine Corps Supply Center, Barstow,
CA

PROGRAM DATE

Division/Line Number	(SY/30
Program Director	B. Early
Project Manager	N. Ruhl
Start Date	1/81
Man-Days	450

Fast-Pay Procurements

Background

Fast-pay procurements basically provide that suppliers can be paid for goods shipped to DoD customers without evidence of receipt, i.e., the payment is authorized based on a supplier's certification on his invoice that the materiel was shipped. The fast-pay procedures were first used for shipments to overseas customers. They have been expanded over the years to cover any procurements within certain dollar limits. Because of current economic conditions and the ease/economy of handling within the Government, there is some interest in further expanding fast pay. Fast-pay procurements require that the contractor replace missing, defective or damaged materiel found at destination. The current DAR limit for fast-pay contracts is \$10,000 except for overseas awards involving subsistence and medical commodities which have no limit.

DLA is the most significant user of the fast-pay procedures in DoD. No data is collected specifically identifying fast-pay dollar value but we estimate these procurements exceed \$670 million at the DLA hardware centers and Defense Personnel Support Center. In FY 1979, procurements under \$10,000 totaled \$557 million. DLA estimates that 84 percent of the contracts at the hardware centers are fast pay. Assuming a reasonably linear relationship, fast pay at these centers would amount to about \$470 million. Payments by the Centers have averaged about 3 days after receipt of invoice. Another \$200 million plus is estimated for subsistence and medical materiel.

The Comptroller General approved (1968) the fast-pay procedures provided controls existed to assure that supplies are delivered. Other conditions were attached. Within DLA, much of the payment/materiel receipt matching process is highly automated. In a recent audit at DISC, we made a limited analysis of some fast-pay actions and found a lack of appropriate controls and the failure to properly resolve short and discrepant shipments. This involved only deliveries to DLA depots. There are a significant number of fast-pay orders with materiel shipped direct to Military Service customers. DAS Report 80-030, November 14, 1979, discussed deficiencies within DPSC in resolving shortages for subsistence fast-pay shipments to overseas customers. DLA Audit Request 80-I-P-04 requested that DAS audit the effectiveness of receipt and claims procedures for fast-pay contracts. The request was prompted by limited analysis done as part of recent minor changes to the DAR fast-pay requirements. The DLA suggested audit coverage for direct delivery to requisitioners should be expanded to include receipts into storage. Our recent work confirms the requestor's conclusion that there is little reliable information on the adequacy of procedures.

Scope

The audit will include DLA Headquarters, the Defense Supply Centers, Defense Depots, and selected DCASRs and military service customers.

Objectives

To determine:

- a. If applicable DAR provisions for fast pay contracts are being followed.
- b. If the existing materiel receipt controls and feedback system is working.
- c. How effectively the contract provisions protecting the Government rights are enforced.
- d. To determine significant patterns of abuse if they exist.

PROGRAM DATA

Division/Line Number	SY/31
Program Director	C. Hoeger
Program Manager	T.B.D.
Start Date	10/80
Man-Days	550

Management of Subsistence and Clothing and Textile Materiel
at Non-DLA Managed Locations

Background

This is a follow-on to current audit, OSL-072, Management of DLA Owned Materiel at Military Department Stock Points. That project is currently in survey phase. Project 072 will concentrate on DLA materiel and the control procedures involving Naval Supply Centers, Oakland and Norfolk and the New Cumberland Army Depot. This proposed audit will involve the special procedures and control processes for these two DPSC managed commodities, including DLA-owned subsistence at commercial storage facilities. The value of these commodities at non-DLA managed locations is about \$100 million.

Subsistence. Both nonperishable and perishable subsistence are stored at non-DLA managed activities. In CONUS, nonperishable subsistence is stored at four Navy Supply Centers (Norfolk, Charleston, San Diego and Oakland) for support of Navy ships and certain overseas Navy installations. The inventory at these NSCs averages about \$20 million. In Europe, perishable subsistence is stored in 3 depots of which one, Felixstowe, England is also commercially owned and operated. Perishable subsistence is stored at five service managed supply points. The total inventory value of perishable subsistence stored overseas averages about \$15 million.

Past audits (1977) of materiel at commercial activities disclosed inadequate accountability and poor administration of the contracts. Similar control and accountability problems have been identified for West Pac depots and in audit reports of the Military Services. Data contained in various DLA Inspector General reports indicate that there have been significant perishable item losses before items reach the intended overseas customers. In addition, past problems due to over capacity at commercial warehouses both overseas and CONUS have caused an unwarranted increase in delivery time with resulting unnecessary demurrage and detention charges.

DLA audit request 80-II-0-13 requested an evaluation of physical inventory requirements and procedures for subsistence assets, including invoicing and payment for commercial warehouse services. This subject will be accommodated in the proposed audit.

Clothing and Textile. Clothing and Textile items also are stored at four NSCs (Norfolk, Oakland, San Diego and Great Lakes). On-hand inventory at these locations average about \$42.5 million. In addition \$2.4 million is stored at four attrition sites.

Past audits by internal audits and GAO have cited weaknesses in the control and accountability of the DLA stocks under the control of the services. Lengthy delays in the posting of receipts and issue transactions have in the past, caused increases in shipment costs. In addition, the efforts to complete and research inventory have proved more difficult at these activities.

DLA is currently performing studies to determine the advisability of realigning its supply operations at certain supply depots. One consideration is to by-pass the normal distribution system and have initial recruit issue of C&T items procured for delivery to the users. This will result in more stocks owned by DLA but under the control of the services.

Scope

The audit will include DLA Headquarters, Defense Personnel Support Center, Defense Subsistence Offices/commercial facilities and selected military service locations.

Objectives

To determine:

a. If adequate accountability procedures and controls have been established.

b. If commercial warehouse service contract provisions are appropriate and are being applied.

c. If system interface problems exist between DLA/DPSC and the Military Service locations.

d. To respond to the audit request on physical inventories and procedures.

PROGRAM DATA

Division/Line Number	SY/32
Program Director	C. Hoeger
Project Manager	J. May
Start Date	10/80
Man-Days	550

EUCOM FIELD OFFICE

AUDITS

DLA/USEUCOM Property Disposal

Background

The audit of Property Disposal offices is a requirement established in the DAS Pink Book. We surveyed the European Region a couple of years ago and planned to audit the major functions in separate segments. After two segments, Military Assistance Property and Precious Metals, I think we should go in and cover the other areas with concentration on the receipt and sale processes. This proposal meets DAS objectives for the 1st and 2nd quarters of FY 81 regarding DLA activities and fraud, waste and abuse. We will cover both military and PDO responsibilities.

Scope

The Defense Property Disposal Region, Europe operates 12 disposal offices which, in turn, have 14 subordinate activities plus 5 scrap collection sites. The annual budget approximates \$12 million for 360 people and operating expenses.

Tentative Locations

Most of the people work in Germany, but about one-third operate PDOs in Greece, Turkey, Spain, Italy and the U.K. Interservice Support Agreements call for services costing about \$1 million. We propose covering operations in Germany, United Kingdom, Spain and Italy.

PROGRAM DATA

Field Office/Line Number	EUCOM/3
Program Director	R. Hay
Project Manager	R. Stricklin
Start Date	12/80
Man-Days	400

Management of Communications Intelligence-EUCOM

Background

Each of the 3 Military Services collect, produce and disseminate intelligence in the European Theater. Because of the amount of intelligence activity, USEUCOM may not have the capability to adequately monitor and coordinate operations. As a result, USEUCOM's overseer role to eliminate or minimize unnecessary redundancy in intelligence may be seriously hampered.

Scope/Objective

Reviews would be made of the amount of visibility that intelligence programs have within the European theater and to identify improvements and better use of the products. The degree and level of coordination among the various DoD components in theater would be analyzed for efficiency and economy of operation. This audit parallels the PACOM audit project OIV-034, December 3, 1979.

PROGRAM DATA

Field Office/Line Number	EUCOM/4
Program Director	R. Hay
Project Manager	R. Bertocchi
Start Date	2/81
Man-Days	400

PACOM FIELD OFFICE

AUDITS

CHAMPUS Controls in the Pacific Command

Background

DAS has not performed any audit work in the Pacific involving CHAMPUS. However, during a CHAMPUS review conducted in Denver, DAS surfaced indications of problems involving CHAMPUS payments for claims initiated in Korea. In response to DAS tasking, the U.S. Army CID conducted an investigation in Korea and documented fraudulent CHAMPUS transactions estimated at much more than \$250,000. Estimates run as high as \$2.2 million.

Recently, CHAMPUS claims processing procedures and controls in the Pacific area have been revised significantly. All claims are not forwarded by individual claimants or participating civilian medical facilities directly to the Hawaii Medical Service Association (HMSA) for payment. Data available from centralized CHAMPUS records at Denver indicate that paid claims for personnel in Hawaii amount to about \$800,000 a month, or about \$9.6 million a year. Denver records indicate that HMSA pays another \$1.8 million annually for claims received from other supported personnel throughout the PACOM (e.g., the Republic of Korea, Japan and the Philippines.) The "other" PACOM costs appear low. Current details will be acquired from HMSA during the DAS survey effort for the project.

Considering past indications of fraud and perceived weaknesses in current eligibility validation controls, protective audit is warranted. Two major areas should be covered: (i) controls within the military organizations to use available in-house medical support before authorizing commercial support--to reduce DoD/CHAMPUS costs, and (ii) verification of eligibility and receipt of services for submitted claims.

Scope

We will evaluate the adequacy of Military Service controls in Hawaii and the Republic of Korea for limiting commercial medical support authorizations to circumstances wherein military medical facilities cannot provide necessary support, consistent with CHAMPUS program requirements. We will also verify the eligibility and receipt of medical services for a sampling of claimants, from documents at the HMSA, in Hawaii and Korea. Verification work will involve inquiries to CHAMPUS records in Denver, local Service personnel records, validation questionnaires, personal contacts with involved claimants, and other techniques.

Objectives

This protective audit should act as a deterrent to potential fraud, assure that CHAMPUS costs are limited to circumstances wherein support is not available from Service medical facilities, and surface claim processing control problems short of HXSA responsibilities (that are audited by HEW).

Potential Benefits

The major goal is to assure that past control faults have been corrected to reduce the potential for fraud against the U.S. Government. Related benefits far outweigh the audit investment.

PROGRAM DATA

Field Office/Line Number	PACOM/4
Program Director	J. Brown
Project Manager	O. Jasper
Start Date	11/80
Man-Days	360

MANAGEMENT OF DLA-OWNED SUBSISTENCE INVENTORIES IN HAWAII

Background

The Worldwide Integrated Management of Wholesale Subsistence (WIMS) program was initiated in 1974. Under this program, a designated Service organization acts as the DLA agent in a specified area for providing subsistence support to authorized customers. The agent's responsibilities for subsistence includes receiving and processing requisitions for troop issue; performing local inventory management functions; initiating replenishment actions; receiving, storing and issuing stocks on a common service nonreimbursable basis; providing subsistence support to authorized customers; and receiving and managing excess stocks received from authorized customers. In Hawaii, the Naval Supply Center at Pearl Harbor is the agent supporting the needs of approximately 50,000 military and 85,000 dependents. The Services also act as the DLA agent for similar programs in Korea, the Philippines and Japan. DAS has not made any reviews in the PACOM of this DLA responsibility in the past several years.

Scope

The review will evaluate the adequacy of procedures, practices and controls for the receipt, storage, issue, replenishment and safeguarding of DLA-owned perishable and nonperishable subsistence inventories. Coverage will include coordination with the Defense Personnel Support Center in Philadelphia, Defense Subsistence Regional Office in Alameda, and the PACOM Liaison Office of the Region at Camp Smith, Hawaii. Verification work will be performed primarily at the Naval Supply Center, Pearl Harbor together with a selection of supported Service organizations.

Objectives

The primary goal of the review will be to evaluate the effectiveness and efficiency of the WIMS agent in managing DLA inventories and providing necessary support to authorized customers. A secondary goal will be to evaluate the potentials for expansion of the WIMS program. (The results of the review in Hawaii will be considered for additional project programing to cover Japan, Korea and the Philippines.) During this project, PACOM will provide requested assistance to SY (Philadelphia Region) on the Project-Management of Subsistence and Clothing and Textile Materiel at Non-DLA Managed Locations (per 7/23/80 telecon between Messrs. Brown and Hoeger).

Potential Benefits.

In addition to potential improvements in the efficiency and economy of related operations, the review will provide protective audit coverage of an area subject to at least pilferage.

Program Data

Field Office/Line Number	PACOM/5---
Program Director	J. Brown
Project Manager	O. Jasper
Start Date	11/80
Man-days	170

DOD CONSTRUCTION PROGRAMS IN THE REPUBLIC OF KOREA

Background

The FY 1981 Congressional Presentation Document includes \$110 million for military construction projects in the Republic of Korea (ROK), out of \$352 million for the PACOM and Indian Ocean areas. The ROK program provides \$64 million for Eighth U.S. Army projects, \$36 million for 314th Air Division projects, and \$10.5 million for dependent schools facilities. DAS has not made any reviews of military construction projects in the ROK during the past several years. Considering the significance of the current construction programs, U.S. ground force adjustments and U.S./ROK combined force initiatives, a comprehensive review is warranted.

Scope

The review will evaluate the adequacy of policies, procedures, practices and controls in the ROK for: development of a justified long range U.S. military construction program; integrated prioritization of overall needs for fiscal year requests; annual revalidation of proposed projects; and general coordination within the U.S. forces and with the ROK forces. Records will be reviewed at the subordinate unified command, organizations of the military components, the Joint U.S. Military Assistance Group - Korea, and other separate DoD organizations.

Objectives

The primary objective will be to assure that requests for military construction projects are adequately justified, coordinated and prioritized consistent with operational requirements. A secondary objective will be to evaluate the reasonableness of estimated costs submitted for OSD action.

Potential Benefits

This is a major gold flow area of concern to Congress. Equally important is the need for assurance that scarce MILCON funds are invested in projects of greatest need regardless of individual Service and Agency desires. We must also be sure that changing operational circumstances are continually

considered, and that cost estimates are sufficiently sound to permit completion of authorized projects. In effect, the review represents protective audit as a service to management.

Program Data

Field Office/Line Number	PACOM/6
Program Director	J. Brown
Project Manager	H. Followell
Start Date	11/80
Man-days	170

DOD PROGRAMS TO CONTROL SALES OF EXCHANGE
AND COMMISSARY GOODS IN THE PACIFIC

Background

A recent management study estimated annual costs of \$6.8 million for operating the DoD Ration Control System in the Republic of Korea (ROK). New management initiatives in the ROK include the use of 25 to 50 enlisted personnel on a daily extra duty basis to maintain surveillance of purchases at every exchange and commissary sales point (cash register). Every purchase of even a single pack of cigarettes at a snack shop is now being anvilled for recording against the authorized rations. Any general purchase (e.g., snacks) exceeding \$1 is also being anvilled.

In addition, serious consideration is being addressed to the systemwide installation of television monitors and a real-time customer account system (similar to Sears) for the immediate posting of each customer's purchases and feedback if total purchases exceed dollar or product quantity ration limitations. The estimated costs for the new Sears-type registers, computer, software and connectivity is about \$1 million.

The basic management concern justifying the intensive control of exchange and commissary sales is the recurring criticism/interest of Congress in the growing dollar value of such sales at overseas locations. A secondary concern is assuring compliance with bilateral agreements in countries such as the ROK that permit duty-free import of applicable goods for the support of U.S. personnel. In essence, the basic goal of ration controls is to avoid the unauthorized channeling of U.S. exchange and commissary goods to indigenous populations (e.g., the Koreans). A secondary goal is to avoid support of unsponsored U.S. personnel at overseas locations.

Our initial observations indicate that the growing cost of the ration control system and potential harassment of management-sponsored personnel in the ROK may have reached a point of inconsistency with DoD benefits, and possibly Congressional intentions. For example, at the same time that DoD is striving to make Service life attractive for retaining personnel, the ration control system appears to be harassing military members and their families. In addition, it is unlikely that either the ANEMB or the ROK Government is anxious to absolutely dry up the filtering of U.S. goods to the ROK economy, since there is no depletion of ROK foreign exchange and the indigenous population benefits. Further, there does not appear to be any negative impact on gold flow, while U.S. exports benefit. Certainly, there must be

a reasonable level of DoD controls to restrict large scale black marketing of exchange and commissary goods subsidized by the U.S. taxpayer. The important issue is the level of DoD/Congressional expenditures that are reasonable for related goals and realities. It is time to define the issues for DoD and Congressional reconsideration of costs.

Scope

The review will define, compare and evaluate the reasonableness of DoD ration control systems in the ROK, the Philippines and Japan. Primary emphasis will be addressed to the evolving political and economic circumstances causing modifications to ration control systems, together with the reasonableness of DoD costs and impacts on supported populations.

Objectives

The primary goal will be to provide OSD management with verified details and audit opinions on maintaining reasonable exchange and commissary sales controls at overseas locations. Control options will be defined for OSD consideration.

Potential Benefits

An adequate definition of the issues, costs, impacts and practical options dealing with overseas ration control systems could provide OSD with the information needed to approach Congress for reconsideration of the costly controls. Favorable actions could save several million dollars a year just in the ROK, and contribute to satisfaction and retention of military personnel.

Program Data

Field Office/Line Number	PACOM/7
Program Director	J. Brown
Project Manager	H. Followell
Start Date	1/81
Man-days	170

MILITARY SERVICE INTELLIGENCE OPERATIONS IN HAWAII

Background

DAS Project OIV-034, Coordination of Intelligence Operations in Hawaii, was overtaxed by management requests and resulted basically in an evaluation of intelligence analyst requirements together with an evaluation of CINCPAC and Intelligence Center, Pacific operations. Sufficient time was not available, within the confines of a reasonable elapsed period, to perform a comprehensive review of Service intelligence operations, although limited work did result in related audit products. This review will finalize an initial evaluation of the entire intelligence complex in Hawaii.

Scope

The review will evaluate the efficiency and economy of Service intelligence organizations in Hawaii. Primary work will involve operations within the component Service headquarters as well as the Fleet Intelligence Center, Pacific, Fleet Ocean Surveillance Intelligence Center, and the 548th Reconnaissance Technical Group.

Objectives

The review will evaluate the adequacy of management actions to accomplish assigned missions in an efficient and economical manner. Summary opinions on the adequacy of overall interservice coordination will consider the results of Project OIV-034.

Potential Benefits

It is envisioned that the review will identify significant improvement and economy potentials that will benefit mission accomplishment at reduced costs.

Program Data

Field Office/Line Number	PACOM/ 8
Program Director	J. Brown
Project Manager	W. Guy
Start Date	2/81
Man-days	160

HIGH FREQUENCY COMMUNICATIONS NETWORK IN THE PACIFIC

Background

Due to management concerns about the survivability of satellite communications, there has been renewed interest in High Frequency (HF) radio communications in the PACOM. HF radio communications have been neglected for several years while satellite communications have been emphasized. Much of the existing equipment is old, reaching the end of serviceable life, and behind modern state-of-the art. Many HF communications links were closed with emergence of satellite communications. Related management concerns and emphasis warrant audit investments to provide supported audit opinions on problems and potential corrective actions.

Scope

The review will evaluate the current and projected reliability of major HF systems in the PACOM to satisfy primary and contingency support missions. Survey work will be performed at principal management organizations in Hawaii. (Preliminary data will also be acquired at the U.S. Army Communications Command in Arizona during a visit scheduled for September 1980.) Verification work, as justified by survey results, may include operations in Hawaii, Guam, Japan, Korea, the Philippines and Australia.

Objectives

The primary objective will be to evaluate the adequacy of management actions to maintain necessary HF communications capabilities.

Potential Benefits

Results of the review will provide management with opinions on the readiness of vital communications capabilities together with recommendations for any needed improvements.

Program Data

Field Office/Line Number	PACOM/ 9
Program Director	J. Brown
Project Manager	J. Hereford
Start Date	2/81
Man-days	130

PERSONNEL REQUIREMENTS



DEFENSE AUDIT SERVICE

ASSESSMENT OF WORKLOAD AND MANPOWER REQUIREMENTS

Table of Contents

Summary

- Audit Responsibilities per DoD Directive 5105.48
- Summary - Workload Analysis and Manpower Requirements
- Rationale and Methodology for Assessing Workload and Manpower Requirement

Supporting Data - Workload Schedules

- A. Internal Audit Workload (Defense Agencies, OSD/OJCS and Unified Commands)
- B. Interservice/Multilocation Audits in all DoD Components
- C. Audits of the Security Assistance Program
- D. Request/Trouble Shooting Audits (FY 1977)



DEFENSE AUDIT SERVICE

ASSESSMENT OF WORKLOAD AND MANPOWER REQUIREMENTS

Table of Contents

Summary

- Audit Responsibilities per DoD Directive 5105.48
- Summary - Workload Analysis and Manpower Requirements
- Rationale and Methodology for Assessing Workload and Manpower Requirement

Supporting Data - Workload Schedules

- A. Internal Audit Workload (Defense Agencies, OSD/CJCS and Unified Commands)
- B. Interservice/Multilocation Audits in all DoD Components
- C. Audits of the Security Assistance Program
- D. Request/Trouble Shooting Audits (FY 1977)



October 14, 1976
NUMBER 5105.48

ASD(C)

Department of Defense Directive

SUBJECT Defense Audit Service (DAS)

References: (a) DoD Directive 7600.2, "Department of Defense Audit Policies," August 19, 1965
(b) DoD Instruction 7500.3, "Internal Audit in the Department of Defense," January 4, 1974

I. GENERAL

Pursuant to the authority vested in the Secretary of Defense, the Defense Audit Service (DAS) is hereby established as an Agency of the Department of Defense under the direction, authority, and control of the Secretary of Defense.

II. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Defense Agencies, and the Unified/Specified Commands (hereinafter referred to as "DoD Components").

III. ORGANIZATION AND MANAGEMENT

- A. The DAS shall consist of: a Director, a headquarters establishment, and such subordinate elements as are established by the Director, DAS, for the accomplishment of DAS's mission.
- B. The Director, DAS, will be a civilian appointed by the Secretary of Defense.
- C. The Director, DAS, shall report to the Secretary of Defense.

IV. RESPONSIBILITIES AND FUNCTIONS

- A. The Director, DAS, shall organize, direct, and manage the DAS and all elements and resources assigned to the DAS.

8. In accordance with references (a) and (b) the Director, DAS, shall:

1. Plan and perform internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified/Specified Commands, and the Defense Agencies.
2. Plan and perform interservice audits in all DoD Components.
3. Plan and perform quick response audits on matters of special interest to the Secretary of Defense.
4. Plan and perform audits of the Security Assistance Program at all levels of management.
5. Plan and perform such other audits as requested.

DEFENSE AUDIT SERVICE

AUDIT WORKLOAD AND MANPOWER REQUIREMENTS

SUMMARY

<u>Area of Audit Responsibility</u>	<u>Workload Direct</u>		<u>Manpower</u> <u>Required</u>
	<u>Total</u>	<u>Annual</u>	
Internal Audits of Defense Agencies, OSD/OJCS and Unified Commands	591	257	343
Interservice Audits in all DoD Components	996	199	265
Audits of the Security Assistance Program	63	31	40
Request/Troubleshooting Audits	<u>170</u>	<u>85</u>	<u>113</u>
TOTAL	<u>1,820</u>	<u>572</u>	<u>762</u>

RATIONALE AND METHODOLOGY FOR ASSESSING WORKLOAD
AND MANPOWER REQUIREMENTS

DoD Instruction 7600.3 sets forth standards for audit frequency. DoD Directive 5105.48 assigns areas of responsibility to DAS. To meet the standards for audit frequency in its assigned areas of responsibility, DAS should plan and perform audits as follows:

A. Internal audits of OSD/OJCS, Unified/Specified Commands, and Defense Agency installations and activities having significant responsibilities. Most should be done on a 2-year cycle and some on a 4-year cycle.

B. Interservice audits in all DoD components based on need and significance. The other internal audit organizations of the DoD should cover significant entities of the Military Services and we should cover the Defense Agencies as part of the normal internal audit cycle. Therefore, the need for scheduling corporate level audit evaluations DoD-wide was tied to the 5-year defense program which portrays the magnitude of the Department's accountability. To assess accountability in accordance with the three elements for comprehensive audit set forth in the GAO standards, the interservice-multilocation audit workload was measured in relative terms by program element, by appropriation budget title, and in some cases, by organizational entity, e.g., DCPA, DIS. By scheduling audits of significant subjects as related to the 5-year defense program, all major aspects of departmental accountability would be afforded

2
corporate level evaluation on a regular cycle either by program element or appropriation budget title.

C. Activity and integrated audits of the Security Assistance Program at all levels of management. Because of the sensitivity and significance of this program, a 2-year audit cycle is warranted.

D. Special and request audits to the greatest extent practicable in consideration of audit priorities and available audit resources as long as there is no adverse impact on the independence and objectivity of the audit work. If the DAS were adequately staffed to plan and perform recurring audits on a reasonable cycle as outlined in A, B, and C above, we estimate that about 50 percent of current request audits could be satisfied within the scope of the scheduled audits.

Pursuing the above rationale, workload and manpower requirements were assessed for each area of responsibility assigned DAS. In total, reasonable coverage could be accorded the major areas of audit responsibility with a total personnel strength of 762. A description of the methodology and the results is summarized for each area in the sections which follow.

RATIONALE AND METHODOLOGY FOR ASSESSING
INTERNAL AUDIT WORKLOAD

In accordance with DoD Instruction 7600.3, we made an inventory of all entities under DAS cognizance for internal audit. The entities subject to recurring audit coverage were determined by name and location, and an estimate was made of the number of direct man-days required to perform an audit of each entity. The total number of man-days required to perform recurring cyclic audits was then assessed for the OSD/OJCS, Unified Commands and each Defense Agency. The inventory included 79 major locations and over 874 minor locations. It would require 343 personnel to accomplish this work. This includes auditors and administrative support. The supporting data for the assessment of DAS internal audit workload are presented in the schedules which follow.

RECAPITULATION

INTERNAL AUDIT WORKLOAD
DEFENSE AGENCIES AND
OSD/OJCS, UNIFIED COMMANDS

<u>Activities</u>	<u>Million</u> <u>Annual \$</u>	<u>Personnel</u>	<u>Total DAS</u> <u>Personnel</u> <u>Required</u>
DLA	\$ 961	49,000	137
NSA	Classified		68
DMA	222	7,900	37
DCA	145	3,100	26
DNA	202	1,100	19
DIA	250	4,400	19
DCAA	77	3,500	4
DIS	29	2,400	4
DCPA	90	600	3
DARPA	281	150	3
OSD/OJCS	1,042	3,400	20
Unified Commands	65	4,200	3
TOTAL	<u>3,364</u> ^{1/}	<u>79,750</u> ^{1/}	<u>343</u>

^{1/} Excludes NSA

RECAPITULATION

INTERNAL AUDIT WORKLOAD
DEFENSE AGENCIES AND
OSD/OJCS, UNIFIED COMMANDS

<u>Activities</u>	<u>Scope of Activity</u>		<u>Auditable Entities</u>
	<u>Major</u>	<u>Minor</u>	
DLA	30	465	527
NSA	8	13	127
DMA	5	37	221
DCA	6	6	57
DNA	3	0	19
DIA	1	86	44
DCAA	7	0	1
DIS	1	255	5
DCPA	9	2	7
DARPA	1	1	11
OSD/OJCS	1	6	44
Unified Commands	<u>7</u>	<u>3</u>	<u>49</u>
TOTAL	<u>79</u>	<u>874</u>	<u>1,156</u>

ACTIVITY: DEFENSE LOGISTICS AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>72,088</u>
Direct man-years required (@ 260 man-days)	<u>277</u>
Annual Workload (man-years) <u>2-year cycle, except DCAS - 4-year cycle</u>	<u>103</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>137</u>

DEFENSE LOGISTICS AGENCY
SUMMARY OF AUDIT WORKLOAD

MAN-DAY REQUIREMENTS

	<u>Supply Centers</u>	<u>Depots</u>	<u>Logistics Services</u>	<u>Contract Administration</u>	<u>TOTAL</u>
Supply Management	8,080	1,910	8,820	---	
Comptroller	3,350	780	265	8,100	
Procurement and Contract Administration	2,760	---	20	26,864	
Personnel Management	940	750	80	360	
Support Services	1,545	1,125	680	1,820	
Automatic Data Processing	795	600	230	---	
Nonappropriated Funds	465	165	---	234	
Manufacturing	180	---	---	---	
Transportation	560	500	---	---	
Research and Development	---	---	90	---	
Man-days	<u>18,695</u>	<u>5,830</u>	<u>10,185</u>	<u>37,378</u>	<u>72,088</u>
Man-years Required	<u>72</u>	<u>22</u>	<u>39</u>	<u>144</u>	<u>277</u>
Annual Workload (2-year cycle except DCAS - 4-year)	<u>36</u>	<u>11</u>	<u>20</u>	<u>36</u>	<u>103</u>
Manpower Requirement (@ 75/25% Direct/Indirect)	<u>48</u>	<u>15</u>	<u>26</u>	<u>48</u>	<u>137</u>

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
Comptroller	
Program/Budget	50
Financial Accounting	
Stock Fund	250
O&M	60
Industrial Fund	30
Management Info & Analysis	30
Disbursing	
Commercial Vouchers	130
Management Engineering	110
Procurement & Contract Admin	
Clothing & Textiles Proc.	130
Medical Procurement	100
Subsistence Procurement	
Brand Name	250
Specification	200
Perishables	300
Contract Administration	60
Personnel Management & Pay	250
Manufacturing	180
(Clothing Factory)	
Support Services	
Administrative Services	10
Telecommunications	15
Facilities engineering	100
Operating Materiel	100
Installation Procurement	20
ADP Systems	175
SAMMS	
Subsistence	
C&T	
APCAPS	
MOCAS (for DCASR)	
Transportation	30
Nonappropriated Funds	
Officers Open Mess	33
Post Restaurant	50
Civilian Welfare	5
Unit Fund	5
Central Accounting	50

ACTIVITY: NATIONAL SECURITY AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>26,391</u>
Direct man-years required (@ 260 man-days)	<u>102</u>
Annual Workload (man-years) (2-year cycle)	<u>51</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>68</u>

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN - DAY REQUIREMENTS</u>
----------------------------	-------------------------------

<u>Program/Budget Formulation</u>	
N2	190
R&E Staff R&D Operations	114
Telecommunications	76
COMSEC	76
Production	114
Total	1,653
<u>MANAGEMENT OF MAINTENANCE & REPAIRS (M&R)</u>	
Production Maintenance Management	152
COMSEC Maintenance	114
Telecommunications Maintenance	152
ADPE Maintenance	152
Total	570
<u>MANAGEMENT OF REAL & INSTALLED PROPERTY</u>	
Total	152
<u>PROCUREMENT AND CONTRACT ADMINISTRATION</u>	
Contract Management & Procurement Practice	228
R&D Procurement	283
COMSEC Procurement	228
Systems Procurement	228
Procurement of ADPE	228
General Procurement	228
Contractor Support Services	76
Consultant Services	38
Total	1,537
<u>PERSONNEL MANAGEMENT & PAYROLLS</u>	
Civilian Payroll	228
Personnel Management	380
Administration	
Supergrades	
Hiring Practices	
Allocation & Control of Personnel Resources	
Position Classification	
Manpower Standards	
Military Personnel	
Total	608
<u>NONAPPROPRIATED FUND ACTIVITIES</u>	
Insurance Association	19
Restaurant	57
Welfare Fund	57
Total	133

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING

MAN - DAY
REQUIREMENTS

<u>FUNCTIONAL GROUPING</u>	<u>MAN - DAY REQUIREMENTS</u>
<u>SUPPORT SERVICES</u>	
Armed Forces Courier Service	57
Property Disposal (SIGINT, COMSEC, Admin)	57
Medical Center	152
Training	
NSA School	500
SCAs	912
Magnetic Tape Management	114
Library	38
<u>Total</u>	<u>1,830</u>
<u>MANUFACTURING</u>	
Printing and Reproduction	57
COMSEC Aids Production	114
<u>Total</u>	<u>171</u>
<u>RESEARCH & DEVELOPMENT</u>	
COMSEC R&D	266
SIGINT R&D (NSA/CSS Portion of Intsvc Audit)	750
Model Engineering	57
TCOM R&D	57
ADPE R&D	57
<u>Total</u>	<u>1,187</u>
<u>AUTOMATIC DATA PROCESSING SYSTEMS</u>	
General ADP Administration & Support	152
Software	190
Utilization	152
Remote Terminals	114
Core Storage	152
Tape Units	114
Peripheral Storage	114
SHERMAN	190
RUSHER	190
COINS	190
TIDE	114
HOLDER	190
370/168	190
TABLON	190
RYE	190
SWINGER	152
VARNISH	152
OMNIBUS	190
NSOC	114
TCOM	114
<u>Total</u>	<u>3,154</u>

64

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN - DAY REQUIREMENTS</u>
MILITARY ASSISTANCE PROGRAM (MAP)	120
Total	120
COMMUNICATIONS	
TCOM Management & Operations	304
AUTOVON	114
CRITICOM	152
OPSCOM	190
Commercial Communication (Billing & Payments)	114
Total	874
TRANSPORTATION	
Motor Pool	76
Commercial Transportation	76
Total	152
INTELLIGENCE & SECURITY	
ECRI	570
ASRP	456
Tactical Airborne Reconnaissance	570
FROSTING	380
Telemetry (SMAC) (Overall)	456
Classified	456
Classified	190
Classified	190
Classified	456
Classified	912
FLINT	570
SIGINT Processing	627
Management & Utilization of IDA Products	57
Compartmented Areas (Need/Justification Duplication)	190
Product Reporting - Distribution & Use	342
Authentication Devices for Nuclear Control Orders	114
FLEXSCOP	456
MAROON SHIELD	380
DF - BULLSEYE, OUTBOARD, AIRBORNE, SSL	570
Implementation of National COMSEC Policy	380
TEMPEST	380
Total	8,702

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING

MAN - DAY
REQUIREMENTS

<u>OTHER DIRECT TIME</u>	
Supervision & Field Support	190
F2	114
F22	57
F21	57
F32	38
F33	19
F34	19
F4	114
F41	38
F43	38
F45	19
F47	19
F81	114
F83	342
F91	38
F92	57
F11	19
F12	19
F13	19
F15	19
F16	19
Organization & Function Audit of I&L	114
Organization & Function Audit of R&E	152
Organization & Function Audit of W Org	114
Organization & Function Audit of TCOM	152
Security (Physical, Investigative, etc) (M5)	380
System & Resource Planning	380
Total	2,660

ACTIVITY: DEFENSE MAPPING AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>14,565</u>
Direct man-years required (@ 260 man-days)	<u>56</u>
Annual Workload (man-years) (2-year cycle)	<u>28</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>37</u>

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
<u>COMPTROLLER SERVICES</u>	
<u>Appropriation & Fund Accounting</u>	140
<u>Stock fund accounting</u>	40
<u>Industrial fund accounting</u>	
<u>Monetary property accounting</u>	40
<u>General ledger/cost accounting</u>	60
<u>Programming/budgeting</u>	140
<u>Disbursing</u>	
<u>Travel</u>	30
<u>Imprest Fund</u>	30
<u>Reimbursable Sales</u>	60
<u>Subtotal</u>	540
<u>MAINTENANCE AND REPAIR</u>	
<u>Equipment maintenance & repair</u>	
<u>Cartographic</u>	40
<u>Photographic</u>	30
<u>Printing</u>	30
<u>Geodetic</u>	10
<u>Automatic data processing</u>	20
<u>Motor Vehicle maintenance</u>	40
<u>Subtotal</u>	170
<u>MANAGEMENT OF REAL AND INSTALLED PROPERTY</u>	
<u>Major and minor construction</u>	30
<u>Utilities</u>	30
<u>Facilities engineer activity</u>	50
<u>Custodial services</u>	30
<u>Subtotal</u>	140
<u>PROCUREMENT AND CONTRACT ADMINISTRATION</u>	
<u>Small purchases (including imprest funds and blanket purchases agreements)</u>	30
<u>Purchasing and contracting activities</u>	50
<u>Subtotal</u>	80
<u>PERSONNEL MANAGEMENT AND PAYROLLS</u>	
<u>Civilian payroll and timekeeping</u>	80
<u>Military personnel management</u>	20
<u>Civilian personnel management (includes manpower control and analysis, organization administration, grade structure hiring practices, position classification and manpower standards)</u>	120
<u>Technical and Administrative training</u>	80
<u>Subtotal</u>	260

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
<u>NONAPPROPRIATED FUNDS</u>	
Officers mess	
Restaurant	20
Welfare	30
Subtotal	50
<u>SUPPORT SERVICES</u>	
Public affairs office	15
Libraries	30
Office copiers	30
Audio/visual	20
Subtotal	95
<u>MANUFACTURING</u>	
Product Requirements (includes aeronautical topographic, digital and missile and target support)	320
Geodetic and Hydrographic Survey Collection Requirements	80
<u>PRODUCTION</u>	
Programming and Workload standards	80
Map and chart production and maintenance (includes contractors and field offices)	300
Geodetic and Hydrographic Surveys	80
Missile and target production	280
Flight information publication and Notices	180
Notice to Mariners	180
Printing operations	120
Storage, distribution and inventory control (includes ICP at AMATC, depots, subdepots and field offices)	160
Subtotal	1,780
<u>RESEARCH AND DEVELOPMENT</u>	
Automatic Cartography	80
Services Activities	
Subtotal	80
<u>AUTOMATIC DATA PROCESSING (Includes general ADP admin. & support, scientific and business software, control and utilization of 4 UNIVAC 1108 systems, 2 Burroughs 3500 systems, minicomputers, tape libraries peripheral storage equipment acquisition and reporting and security)</u>	
	300

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING

MAN - DAY
REQUIREMENTS

<u>FUNCTIONAL GROUPING</u>	<u>MAN - DAY REQUIREMENTS</u>
<u>MANAGEMENT INFORMATION SYSTEMS</u>	
Program Management (DMIS/P)	60
Financial Management (DMIS/F)	50
Equipment Procurement (DMIS/E)	40
Support Management (DMIS/S)	50
R&D Management (DMIS/R)	40
Defense Automated Depot Mgm Sys (DADMS)	60
Subtotal	600
<u>MILITARY ASSISTANCE PROGRAM (incl IAGS)</u>	
Bilateral Mapping Agreements, Arrange- ments and Man Exchange Program	50
Subtotal	70
<u>COMMUNICATIONS</u>	
Commercial Communication (billing & payment)	50
Autovon	40
Autodin	40
Telecopiers and other special Equip	40
Subtotal	170
<u>TRANSPORTATION</u>	
Motor pool	50
Commercial transportation	60
Subtotal	110
<u>INTELLIGENCE AND SECURITY</u>	
Physical Plant Security	60
Personnel Identification	50
Subtotal	110
<u>OTHER DIRECT TIME</u>	
Supervision and Support of Field Activities	50
Kansas City	
Providence	
Louisville	
San Antonio	
Geodetic Survey Squadron	60
Cartographic Technical Squadron	80
Flight Information Offices	
Alaska	20
Panama	20
Hawaii (Subdepot)	50
Germany	20
Molesworth U.K. (Subdepot)	40
Depots:	
Clearfield	
Philadelphia	

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING

MAN-DAY
REQUIREMENTS

FIELD OFFICES

San Diego

Norfolk

Atsugi, Japan

Jacksonville

Cubi Point, Phillipine Is

Naples

Defense Mapping School

Service MC&G Training

Inter-American Geodetic Survey
(Including 16 field offices)

Service MC&G Activities

Subtotal - Other

340

= Total

4,930

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
<u>COMPTROLLER SERVICES</u>	
<u>Appropriation & Fund Accounting</u>	<u>120</u>
<u>Stock fund accounting</u>	<u>40</u>
<u>Industrial fund accounting</u>	<u>40</u>
<u>Monetary property accounting</u>	<u>60</u>
<u>General ledger/cost accounting</u>	<u>140</u>
<u>Programming/budgeting</u>	<u>30</u>
<u>Disbursing</u>	<u>30</u>
<u>Travel</u>	<u>30</u>
<u>Imprest Fund</u>	<u>40</u>
<u>Reimbursable Sales</u>	<u>480</u>
<u>Subtotal</u>	<u>480</u>
<u>MAINTENANCE AND REPAIR</u>	
<u>Equipment maintenance & repair</u>	<u>40</u>
<u>Cartographic</u>	<u>30</u>
<u>Photographic</u>	<u>30</u>
<u>Printing</u>	<u>40</u>
<u>Geodetic</u>	<u>40</u>
<u>Automatic data processing</u>	<u>40</u>
<u>Motor vehicle maintenance</u>	<u>220</u>
<u>Subtotal</u>	<u>220</u>
<u>MANAGEMENT OF REAL AND INSTALLED PROPERTY</u>	
<u>Major and minor construction</u>	<u>30</u>
<u>Utilities</u>	<u>30</u>
<u>Facilities engineer activity</u>	<u>50</u>
<u>Custodial services</u>	<u>140</u>
<u>Subtotal</u>	<u>140</u>
<u>PRODUCEMENT AND CONTRACT ADMINISTRATION</u>	
<u>Small purchases (including imprest funds and blanket purchases agreements)</u>	<u>30</u>
<u>Purchasing and contracting activities</u>	<u>50</u>
<u>SubTotal</u>	<u>80</u>
<u>PERSONNEL MANAGEMENT AND PAYROLLS</u>	
<u>Civilian payroll and timekeeping</u>	<u>40</u>
<u>Military personnel management</u>	<u>20</u>
<u>Civilian personnel management (includes manpower control and analysis, organiza- tion administration, grade structure hiring practices, position classifica- tion and manpower standards</u>	<u>120</u>
<u>Technical and Administrative training</u>	<u>80</u>
<u>SubTotal</u>	<u>150</u>

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
<u>NONAPPROPRIATED FUNDS</u>	
Officers mess	15
Restaurant	20
Welfare	30
Subtotal	65
<u>SUPPORT SERVICES</u>	
Public affairs office	15
Libraries	30
Office copiers	30
Audio/visual	20
Subtotal	95
<u>MANUFACTURING</u>	
Product Requirements (includes aeronautical topographic, digital and missile and target support)	350
Geodetic and Hydrographic Survey	150
Collection Requirements	180
<u>PRODUCTION</u>	
Programing and Workload standards	100
Map and chart production and maintenance (includes contractors and field offices)	380
Geodetic and Hydrographic Surveys	120
Missile and target production	
Flight information publication and Notices	
Notice to Mariners	
Printing operations	120
Storage, distribution and inventory control (includes ICP at AMATC, depots subdepots and field offices)	240
Subtotal	1640
<u>RESEARCH AND DEVELOPMENT</u>	
Automatic Cartography	80
Services Activities	200
Subtotal	280
<u>AUTOMATIC DATA PROCESSING (Includes general ADP admin & support, scientific and business software, control and utilization of 4 UNIVAC 1108 systems, 2 Burroughs 3500 systems, minicomputers, tape libraries peripheral storage equipment acquisition and reporting and security</u>	
	300

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING

MAN-DAY
REQUIREMENTS

MANAGEMENT INFORMATION SYSTEMS

Program Management (DMIS/P)	60
Financial Management (DMIS/F)	50
Equipment Procurement (DMIS/E)	40
Support Management (DMIS/S)	50
R&D Management (DMIS/R)	40
Defense Automated Depot Mgmt Sys (DADMS)	100
Subtotal	640

MILITARY ASSISTANCE PROGRAM (incl IAGS)

Bilateral Mapping Agreements, Arrangements and Man Exchange Program	60
Subtotal	140

COMMUNICATIONS

Commercial Communication (billing & payment)	50
Autovon	40
Autodin	40
Telecopiers and other special equip	50
Subtotal	180

TRANSPORTATION

Motor pool	50
Commercial transportation	60
Subtotal	110

INTELLIGENCE AND SECURITY

Physical Plant Security	80
Personnel Identification	60
Subtotal	140

OTHER DIRECT TIME

Supervision and Support of Field Activities	60
Kansas City	60
Providence	60
Louisville	60
San Antonio	60
Geodetic Survey Squadron	
Cartographic Technical Squadron	
Flight Information Offices	
Alaska	
Panama	
Hawaii (Subdepot)	20
Germany	
Molesworth U.K. (Subdepot)	20
Depots:	
Clearfield	30
Philadelphia	30

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING

MAN-DAY
REQUIREMENTS

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
<u>COMPTROLLER SERVICES</u>	
Appropriation & Fund Accounting	110
Stock fund accounting	30
Industrial fund accounting	
Monetary property accounting	30
General ledger/cost accounting	40
Programming/budgeting	130
Disbursing	
Travel	20
Imprest Fund	20
Reimbursable Sales	80
Subtotal	460
<u>MAINTENANCE AND REPAIR</u>	
Equipment maintenance & repair	
Cartographic	30
Photographic	20
Printing	30
Geodetic	
Automatic data processing	
Motor vehicle maintenance	10
Subtotal	90
<u>MANAGEMENT OF REAL AND INSTALLED PROPERTY</u>	
Major and minor construction	
Utilities	
Facilities engineer activity	20
Custodial services	20
Subtotal	40
<u>PRODUCEMENT AND CONTRACT ADMINISTRATION</u>	
Small purchases (including imprest funds and blanket purchases agreements)	20
Purchasing and contracting activities	30
Subtotal	50
<u>PERSONNEL MANAGEMENT AND PAYROLLS</u>	
Civilian payroll and timekeeping	20
Military personnel management	10
Civilian personnel management (includes manpower control and analysis, organiza- tion administration, grade structure hiring practices, position classifica- tion and manpower standards	80
Technical and Administrative training	40
Subtotal	300

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN - DAY REQUIREMENTS</u>
<u>NONAPPROPRIATED FUNDS</u>	
Officers mess	
Restaurant	
Welfare	10
Subtotal	10
<u>SUPPORT SERVICES</u>	
Public affairs office	10
Libraries	20
Office copiers	20
Audio/visual	10
Subtotal	60
<u>MANUFACTURING</u>	
Product Requirements (includes aeronautical topographic, digital and missile and target support)	140
Geodetic and Hydrographic Survey	60
Collection Requirements	40
<u>PRODUCTION</u>	
Programming and Workload standards	40
Map and chart production and maintenance (includes contractors and field offices)	140
Geodetic and Hydrographic Surveys	80
Missile and target production	
Flight information publication and Notices	
Notice to Mariners	
Printing operations	80
Storage, distribution and inventory control (includes ICP at AMATC, depots subdepots and field offices)	220
Subtotal	800
<u>RESEARCH AND DEVELOPMENT</u>	
Automatic Cartography	40
Services Activities	
Subtotal	40
<u>AUTOMATIC DATA PROCESSING (Includes general ADP admin & support, scientific and business software, control and utilization of 4 UNIVAC 1108 systems, 2 Burroughs 3500 systems, minicomputers, tape libraries peripheral storage equipment acquisition and reporting and security)</u>	
	140

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING

MAN-DAY
REQUIREMENTS

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
MANAGEMENT INFORMATION SYSTEMS	
Program Management (DMIS/P)	30
Financial Management (DMIS/F)	20
Equipment Procurement (DMIS/E)	20
Support Management (DMIS/S)	20
R&D Management (DMIS/R)	20
Defense Automated Depot Mgm Sys (DADMS)	100
Subtotal	350
MILITARY ASSISTANCE PROGRAM (incl IAGS)	
Bilateral Mapping Agreements, Arrangements and Man Exchange Program	20
Subtotal	50
COMMUNICATIONS	
Commercial Communication (billing & payment)	70
Autovon	30
Autodin	20
Telecopiers and other special Equip	30
Subtotal	100
TRANSPORTATION	
Motor pool	
Commercial transportation	80
Subtotal	80
INTELLIGENCE AND SECURITY	
Physical Plant Security	30
Personnel Identification	30
Subtotal	60
OTHER DIRECT TIME	
Supervision and Support of Field Activities	60
Kansas City	
Providence	
Louisville	
San Antonio	
Geodetic Survey Squadron	
Cartographic Technical Squadron	
Flight Information Offices	
Alaska	
Panama	
Hawaii (Subdepot)	
Germany	
Molesworth U.K. (Subdepot)	
Depots:	
Clearfield	60
Philadelphia	60

ACTIVITY: DEFENSE COMMUNICATIONS AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>10,200</u>
Direct man-years required (@ 260 man-days)	<u>39</u>
Annual Workload (man-years) (2-year cycle)	<u>20</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>26</u>

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
SUPPLY MANAGEMENT	
Requirements	100
Inventory Controls	50
Excess Material	50
SUB TOTAL	200
COMPTROLLER SERVICES	
Admin. Control of Funds	200
Appropriation Accounting	100
Budget Formulation	150
Reports Management	50
Travel Procedures & Expenses	50
Imprest Fund	40
Management Information Services	110
SUB TOTAL	700
PROCUREMENT AND CONTRACT ADMIN.	
Sole Source Procurements	75
Technical Admin.	100
Negotiated Procurements	100
Competitive Procurements	100
Service Contracts	100
SUB TOTAL	475
PERSONNEL MANAGEMENT & PAYROLLS	
Leave Administration	50
Payroll Controls	100
Timekeeping	50
Classification/Grade Controls	40
SUB TOTAL	240
SUPPORT SERVICES	
Library Services	25
Security	25
Public Works (remb.)	25
Other Miscellaneous	25
SUB TOTAL	100
AUTOMATIC DATA PROCESSING	
Lease vs. Procurement Analysis	50
CPU Utilization	100
Peripheral Utilization	75
Software Controls	100
Security	75
Output Analysis	50
SUB TOTAL	450

ACTIVITY: DEFENSE NUCLEAR AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>7,500</u>
Direct man-years required (@ 260 man-days)	<u>28</u>
Annual Workload (man-years) (2-year cycle)	<u>14</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>19</u>

ACTIVITY: DEFENSE INTELLIGENCE AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>7,435</u>
Direct man-years required (@ 260 man-days)	<u>28</u>
Annual Workload (man-years) (2-year cycle)	<u>14</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>19</u>

ACTIVITY: DEFENSE CONTRACT AUDIT AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>3,150</u>
Direct man-years required (@ 260 man-days)	<u>12</u>
Annual Workload (man-years) (4-year cycle)	<u>3</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>4</u>

ACTIVITY: DEFENSE INVESTIGATIVE SERVICE

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required

1,460

Direct man-years required
(@ 260 man-days)

6

Annual Workload (man-years)
(2-year cycle)

3

Total Personnel Required
(Based on 75-25 Direct-Indirect Ratio)

4

ACTIVITY: DEFENSE CIVIL PREPAREDNESS AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required

1,050

Direct man-years required
(@ 260 man-days)

4

Annual Workload (man-years)
(2-year cycle)

2

Total Personnel Required
(Based on 75-25 Direct-Indirect Ratio)

3

Audit Workload
Defense Civil Preparedness Agency

Personnel: Approximately 610 with 220 employees in D.C. and 390 in 8 regional offices, a staff college and an ADPE center.

FY 1977 Budget: \$83,454,000

<u>Functional Grouping</u>	<u>Man Days</u>
Mission Activities:	
Warning and Detection	105
Emergency Operations	105
Financial Assistance to States:	280
Management	
Emergency Operating Centers	
Shelter Programs	175
Administration and Management	140
Research and Development	35
Regional Offices	<u>210</u>
Total Man Days	<u>1,050</u>

ACTIVITY: DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>1,097</u>
Direct man-years required (@ 260 man-days)	<u>4</u>
Annual Workload (man-years) (2-year cycle)	<u>2</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>3</u>

MAJOR OPERATING ACTIVITY Defense Advanced Research Projects Agency

SUBORDINATE ACTIVITIES:

Cybernetics Technology Office
Information Processing Techniques Office
Materials Sciences Office
Nuclear Monitoring Research Office
Strategic Technology Office
Tactical Technology Office
Program Management Office
Administrative Office
Regional Office, Pacific
Regional Office, Europe

X X

AUDIT WORKLOAD

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
Research and Development	
Cybernetics Technology Office	27
Information Processing Techniques Office	100
Materials Sciences Office	60
Nuclear Monitoring research Office	25
Strategic Technology Office	240
Tactical Technology Office	240
Subtotal Research and Development	692
Comptroller Services	
Appropriation Accounting	200
Program Management including Europe and Pacific Field Offices	100
Subtotal Comptroller Services	300

ACTIVITY: OSD/OJCS

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>7,765</u>
Direct man-years required (@ 260 man-days)	<u>30</u>
Annual Workload (man-years) (2-year cycle)	<u>15</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>20</u>

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
<u>Selected Acquisition Reporting (SAR) System</u>	<u>100</u>
<u>Civilian Payroll (OSD & MDW)</u>	<u>100</u>
<u>Reports Control & Statistical Services</u>	<u>100</u>
<u>Facilities & Property Management & Accountability</u>	<u>100</u>
<u>Printing & Reproduction Services</u>	<u>100</u>
<u>Consultants, Experts & Contractual Services</u>	<u>100</u>
<u>Official Representation Funds</u>	<u>50</u>
<u>Contingency Funds</u>	<u>40</u>
<u>Imprest Funds</u>	<u>40</u>
<u>Civilian Orientation Funds</u>	<u>15</u>
<u>Travel Procedures & Controls</u>	<u>60</u>
<u>Nonappropriated Funds including:</u>	
<u>Executive Dining Rooms</u>	<u>60</u>
<u>Welfare & Recreation Association</u>	<u>40</u>
<u>Total</u>	<u>2215 Mandays</u>

Defense Audit Service
Directorate for Financial and Manpower Audits
Program Division - FH (Medical and CHAMPUS)

CHAMPUS Workload Plan

Areas

Manday Requirements

Organization Review

100

OASD(HA) - Policy	Washington, D.C.
OASD(C) - Funding	Washington, D.C.
OCEAMPUS - Operations	Denver, Colorado
OCHAMPUS - (Europe)	
- Operations	Germany

Required to evaluate Departmental direction given for the structuring, implementing and control of health care services provided DoD beneficiaries in civilian health facilities as authorized by statute.

Operations Review

Program Management

400

- Policy development and implementation
- MIS operations and evaluation
- CHAMPUS funds and expenditure controls
- Administrative support evaluation
- Overseas operation controls
- Organization resources management

Required to evaluate resources programed to carry out the objectives of the CHAMPUS program. Program costs have increased from \$91 million in FY58 to a budget estimate for FY77 of \$635 million. Manpower authorized for OCEAMPUS operations is 215 spaces.

Manday Requirements

Contractor Monitorship 300

Efficiency and effectiveness evaluation
in conjunction with HEWAA/DCAA

OCEAMPUS currently has contracts with about 26 health insurance companies to process, monitor and pay CHAMPUS claims. The cost of this service is approximately \$18 million annually. The service is provided worldwide.

Provided Benefits Management 300

Beneficiaries care and demographic trends
Beneficiaries eligibility monitorship
Recoupment controls
Program for handicapped dependents controls

Beneficiaries utilizing the CEAMPUS alternative provided \$2.3 million claims during FY76 exclusive of prescription claims.

Other 250

Mobilization plan evaluation
Automated reports control evaluation
Medical equipment for beneficiaries,
buy on lease evaluation

These auditable areas represent peripheral considerations, but impact on the overall responsibility given DoD to efficiently and effectively run the program.

Audit Workload
Armed Forces Radio and Television Service

Personnel: 1931 with 1646 located at overseas sites and 293 in Los Angeles and D.C.

Activities: 1140 TV and Radio Sites

FY77 Funding: O&M \$73.5 million
Equipment \$11.75 million

<u>Functional Grouping</u>	<u>Man Days</u>
Operational Management	330
Headquarters	120
Associated Organization	120
Network Sites	90
Personnel Requirements	210
Manpower Standardization	90
Personnel Management	120
Funding Requirements	120
Operations and Maintenance	90
Other Procurement	30
Equipment Requirements	540
Cyclical Needs	180
Standardization	90
Inventory	180
Controls	90
Programming	270
Radio	120
TV	120
Reporting	30
Total	<u>1,470</u>

Audit Workload
DoD Dependent Schools

Personnel: 9,785
 FY77 Funding: \$257 million
 No. of Students: 140,000
 No. of Schools: 268

Functional Grouping

Man Days

Management		840
Headquarters	105	
European Region	210	
Pacific Region	105	
Atlantic Region	70	
DoDDS/CONUS Comparability	350	
Personnel Requirements		350
Management	105	
Recruiting Teachers	70	
Administrative	105	
Local National Hiring	70	
Funding Requirements		245
Budgeting	70	
Distribution and Control	70	
Interservice Support Organization	105	
Equipment Requirements		630
Supply System	210	
Warehousing and Distribution	210	
Supplies and Services	210	
Student Dormatory Program		210
School Construction Program		210
Other School Programs - Cafeteria Atlantic		<u>105</u>
Total		<u>2590</u>

ACTIVITY: UNIFIED COMMANDS

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>1,400</u>
Direct man-years required (@ 260 man-days)	<u>5</u>
Annual Workload (man-years) (Level of Effort)	<u>2</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>3</u>

RATIONALE AND METHODOLOGY FOR ASSESSING
INTERSERVICE-MULTILOLOCATION AUDIT WORKLOAD

Corporate level audits should normally serve both a policy-making and a resource-management client at the OSD level. Each audit subject should be significant and involve the three elements of accountability set forth by GAO in the Standards for Audit: (1) Financial and Compliance, (2) Economy and Efficiency, and (3) Program Results. Each audit effort should be of sufficient scope to fulfill the GAO Standards. To measure the interservice audit workload, the FY 1978 funding plan was used as a baseline. Each management entity was identified by major program at the subelement level (i.e., 6.1, 6.2, etc.) and by budget/appropriation title. The dollar value of each management entity was assessed in multiples of \$1 billion. For audit workload measurement purposes it was judged that for each \$1 billion of annual funding at least one significant audit should be planned over a 5-year period. It was further judged that a significant audit of adequate scope could be accomplished in accordance with GAO Standards with 1,000 man-days of direct audit effort on the average. To maintain a 5-year cycle would require an annual expenditure of 199 man-years of direct audit time. It would require a staff of 265 personnel (auditors and support) for this effort. Supporting data are presented in the attached schedule.

ACTIVITY: DoD COMPONENTS

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required	<u>259,000</u>
Direct man-years required (@ 260 man-days)	<u>996</u>
Annual Workload (man-years) (5-year cycle)	<u>199</u>
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	<u>265</u>

Assessing Interservice-Multilocation Audit Workload.

Rationale

1. Each audit should serve, at the OSD level, both a policy-making and a resource-management client.
2. Each subject should be significant and involve the three elements of accountability set forth by GAO in the Standards for Audit: (1) Financial and Compliance, (2) Economy and Efficiency, and (3) Program Results.
3. Each audit should be of sufficient scope to fulfill the GAO Standards.

Methodology

To measure the audit workload universe using the above rationale we used the FY 1978 funding plan as a baseline, each management entity was identified by major program at the subelement level (i.e., 6.1, 6.2, etc.) and by budget/appropriation title. The dollar value of each management entity was assessed in multiples of \$1 billion. For audit workload measurement purposes we estimated that for each \$1 billion of annual funding, base FY 1978, at least one significant audit should be planned at a prescribed audit cycle (i.e., 2 years, 3 years, 4 years, etc.). It was our judgment that a significant audit of adequate scope could be accomplished in accordance with GAO standards using 1,000 man-days of direct audit effort on the average.

Calculation of Workload

Using the above methodology, the following number of significant auditable entities were identified:

- 1. Major Programs (by subelement) 135
- 2. Major Budget Title 124
- 259

259 audits @ 1,000 man-days each = 996 man-years of workload to perform evaluations concerning \$120 billion of annual funding (using the rationale set forth above).

<u>1 yr</u>	<u>2 yr</u>	<u>3 yr</u>	<u>4 yr</u>	<u>5 yr</u>
996	498	332	249	199

RATIONALE AND METHODOLOGY FOR ASSESSING
SECURITY ASSISTANCE PROGRAM WORKLOAD

An inventory of all entities and activities involved in the security assistance program was made in accordance with DoD Instruction 7600.3. All levels of management were considered. It was estimated that to cover this high risk program on a 2-year cycle, it would require the annual expenditure of 31 man-years of direct audit time. To accomplish this, a staff of 41 personnel would be needed. Supporting data are presented in the attached schedule.

ACTIVITY: SECURITY ASSISTANCE PROGRAM

WORKLOAD AND MANPOWER
REQUIREMENTS COMPUTATIONS

Direct man-days required

16,359

Direct man-years required
(@ 260 man-days)

63

Annual Workload (man-years)
(2-year cycle)

31

Total Personnel Required
(Based on 75-25 Direct-Indirect Ratio)

41

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING

MAN-DAY
REQUIREMENTS

Credit Sales	300
Administration:	
FMS Management System	220
FMS Performance Reporting and Data Base Accuracy	200
Management of Case Files	300
Training Assistance Teams	320
Support of Foreign Liaison Personnel	215
Logistics:	
Price and Availability	215
Discrepancies in Shipments	360
Delivery Status	420
Supply Support Arrangements	310
Gov't Furnished Material	265
Support Responsiveness	300
Contingency Planning	120
Third Country Transfers	195
Material Pricing	835
Maintenance Support	525
DoD Support to Int'l Organizations	215
Coproduction - Codevelopment Agreements	365
Implementation of Offset Agreements	425
Transportation:	
Recovery of Transportation Costs in Support of Security Assistance	365
Transportation Rates in Shipment of Items with Unit Cost Less than \$10,000	235
Adequacy of 4 percent Asset-Use Charge for Special Air Missions	215
Credits for Movement of Cargo of Opportunity	220
TOTAL	11,590

MAJOR ACTIVITIES INVOLVED

DoD

International Security Affairs (ISA)	Washington, DC
Defense Security Assistance Agency (DSAA)	Washington, DC
Security Assistance Accounting Center	Denver, CO
Defense Language Institute	Lackland AFB, TX

Army

U.S. Army Materiel Development & Readiness Cmd	Alexandria, VA
U.S. Army International Logistics Center	New Cumberland, PA
U.S. Army Tank Automotive Command	Warren, MI
U.S. Army Missile Research & Development Cmd	Huntsville, AL
U.S. Army Aviation Support Command	St. Louis, MO
U.S. Army Armament Command	Rock Island, IL
U.S. Army Electronics Command	Ft. Monmouth, NJ
U.S. Army Finance Center	Ft. Ben Harrison, IL
U.S. Army Troop Support Command	St. Louis, MO

Navy

U.S. Navy International Logistics Center (NAVILC)	Bayonne, NJ
U.S. Navy Finance Center	Cleveland, OH
Ship Parts Control Center (SPCC)	Mechanicsburg, PA
Aviation Supply Officer (ASO)	Philadelphia, PA
U.S. Navy Material Command	Washington, DC
U.S. Naval Air Systems Command	Washington, DC
U.S. Naval Sea Systems Command	Washington, DC
U.S. Naval Supply Systems Command	Washington, DC

Air Force

Air Force Accounting and Finance Center	Denver, CO
Air Force Logistics Command	Wright-Patterson AFB, OH
Oklahoma City Air Logistics Center	Oklahoma City, OK
Ogden Air Logistics Center	Ogden, UT
San Antonio Air Logistics Center	San Antonio, TX
Sacramento Air Logistics Center	Sacramento, CA
Warner-Robins Air Logistics Center	Robins AFB, GA
Air Force Systems Command	Andrews AFB, MD
Aeronautical Systems Division	Wright-Patterson AFB, OH
Electronic System Division	L. G. Hanscom AFB, MA
Military Airlift Command	Scott AFB, IL
Air Training Command	Randolph, TX

MAJOR ACTIVITIES INVOLVED (CONTINUED)

Defense Logistics Agency

Defense Construction Supply Center	Columbus, OH
Defense Electronic Supply Center	Dayton, OH
Defense General Supply Center	Richmond, VA
Defense Industrial Supply Center	Philadelphia, PA
Defense Personnel Support Center	Philadelphia, PA
Defense Fuel Supply Center	Cameron Station, VA

AUDIT WORKLOAD (CONTINUED)

<u>FUNCTIONAL GROUPING</u>	<u>MAN-DAY REQUIREMENTS</u>
Paraguav	20
Peru	45
Uruguay	20
Venezuela	45
Greece	180
Iran	1464
Jordan	45
Liberia	45
Morocco	45
Netherlands	20
Nigeria	30
Kuwait	30
Pakistan	20
Portugal	45
Saudi Arabia	840
Spain	45
Tunisia	45
Turkey	180
Zaire	45
Japan	20
Indonesia	180
Korea	200
Malaysia	30
Philippines	180
Taiwan	90
Bellux	20
Denmark	20
France	20
Italy	20
Norway	20
India	20
TOTAL Man Days	<u>4769</u>

RATIONALE AND METHODOLOGY FOR ASSESSING
SPECIAL AND REQUEST AUDITS WORKLOAD

Experience during the period April 1, 1977, through July 19, 1977, showed that special and request audit workload was about 170 man-years of direct audit time. If DAS were adequately manned to maintain a planned audit cycle of 2 to 3 years for significant DoD subjects, we estimate that 50 percent of the current volume of requested audits could be included within the scope of scheduled recurring audits. On this basis it would require 85 man-years of direct time to provide requested audit service. A total of 113 personnel would be required to support this effort. A listing of FY 1977 request audits is in the attached schedule.

DEFENSE AUDIT SERVICE

STATUS OF REQUESTED AUDITS - AUGUST 1, 1977

<u>Project Number & Title of Audit</u>	<u>Requested By</u>	<u>Date of Request</u>	<u>To Be Completed By</u>	<u>Status</u>
7IK-103 NSA Stock Fund	NSA	Nov 73	Jan 77	Rewrite
7IO-105 AFRTS Worldwide	Director, OLAF	Apr 76	Aug 77	Draft Report in process
7IW-111 Inventory and Accounting System of Non-Nuclear Missiles	DASD (Security Policy)	Aug 76	Aug 77	Draft Report in process
7IW-113 Staffing Requirements - Single Manager for Ammunition	DASD (Material Acquisition)	Nov 76	Mar 77	Final Report To Be Issued Aug 77
7IO-116 AFRTS Followup	ASD (Public Affairs)	Oct 76	Jan 77	Final Report Issued
18 DoD Educational Support to Civilian Medical Schools	Congressional Appropriations Committee	Sep 76	Apr 77	Final Report Issued 3/31/77
7FA-119 Enrolments	General Counsel DoD	Aug 76	Jun 77	Draft Report 6/30/77 Final 8/77
7FA-126 Procurement - Iran	DEFREP - Iran	Jun 76	May 77	Final 6/77
7FF-127 Teachers' Pay	Director, Office of Dependent Schools & DEPCINCEUR	Nov 76	May 77	Final May 77
7FF-128 Executive Messes	DASD (Administration)	Jan 77	Jun 77	Draft Report 8/77
7FF-129 Accounting Systems	GAO/ASD(C)	Aug 73	Continuous	-
7FE-134 Stars and Stripes	Cdr in Chief (CINCPAC & PA)	Dec 76	May 77	Draft Report 7/11/77 Final 8/77
7FA-135 Auditor Training- Iran	DEFREP - Iran	Jan 77	Continuous	-
37 Compliance with Environ- mental Standards	OASD(I&L), Environ- mental & Safety, Installations & Housing	Mar 75	Mar 77	Final Report Issued 6/77

<u>Project Number & Title of Audit</u>	<u>Requested By</u>	<u>Date of Request</u>	<u>To Be Completed By</u>	<u>Status</u>
7SS-139 Organization and Staffing - Depot Supply Operations	DASD (Supply, Maintenance and Services)	Aug 76	Jun 77	Draft To Be Issued in Aug 77
7SP-140 Procurement Practices	DASD (Procurement)	Nov 76	Mar 77	Final Issued 5/6/77
7SY-143 Audit of RDT&E Tech Base Data	Dep Dir. (Research & Advanced Technology)	Sep 76	Mar 77	Final Report issued 6/3/77
7SS-146 User Level Participation in DoD Personal Property Utilization Program	DASD (Supply, Maintenance & Services)	Nov 76	Jul 77	Draft To Be Issued in Aug 77
7SP-153 Audit of Small Business Activities within the DoD	DASD (Procurement) OASD (I&L)	Mar 77	Jul 77	Draft To Be Issued Aug 77
74 Corps of Engineers, Saudi Arabia	Director, Defense Security Assistance Agency & DEPSECDEF	Nov 76	Jun 77	Draft 8/77
7SS-158 Demil Coding	DASD (Supply, Maintenance & Services)	Jun 76	Jul 77	Draft To Be Issued in Sept 77
7SS-161 Standard Integrated Support Management System	DASD (Supply, Maintenance & Services)	Dec 76	Jun 77	Draft To Be Issued in Aug 77
7ST-162 Cost Analysis - Container Stuffing	DASD (Supply, Maintenance & Services)	Jan 77	Jun 77	Draft To Be Issued in Aug 77
7FB-164 DCASR Disbursement of Army Funds	DLA/USAAA	Oct 76	Feb 77	Final Report Issued 5/25/77
7ST-189 Mail and Message Service - DC Area	DASD (Supply, Maintenance & Services)	Jan 77	Apr 77 Jun 77	Final Issued 6/20/77 Phase II - Draft To Be Issued Aug 77
7IK-192 FMS Cases - NSA	NSA	Jan 77	May 77	Issued 7/77

<u>Project Number & Title of Audit</u>	<u>Requested By</u>	<u>Date of Request</u>	<u>To Be Completed By</u>	<u>Status</u>
7SL-203 NORS - DLA	AF	Jan 77	Apr 77	Draft Issued 7/26/77
7S6-209 Medical Support Structure	ASD(I&L)	Feb 77	Mar 77	Final Issued 4/29/77
7SI-210 Review of Construction Project	OASD(C), Dir. Construction Program/Budget	Feb 77	Feb 77	Final Issued 3/31/77
7EF-222 Review of Depot Main- tenance Cost Account- ing System	DASD(Supply, Main- tenance & Services)	Jan 77	Jul 77	Draft Issued 7/26/77
7SY-224 Financial Management of DT&E Appropriation	Principal Assistant, Dir. Test & Evalua- tion (ODDR&E)	Feb 77	Jun 77	Draft Prepared
7SL-226 Repair of IMU	OASD(I&L) (Supply Maintenance & Services)	Nov 76	Apr 77	Draft Preparation
7SL-228 Cargo Security & Accountability	DASD (Supply, Main- tenance & Services) OASD(I&L)	Mar 77	Sept 77	On Schedule
7FA-230 Pricing of Ammunition and Missiles for the SAP	DEFREP - Iran and DSAA	Jan 77	Oct 77	On schedule
7S3-232 Storage Costs for IPE	DLA	Jul 76	Jun 77	Final Issued 7/6/77
7EB-236 Exchange Systems	OASD(M&RA) Dep Cdr Chief, Europe	Jan 77	Dec 77	On Schedule
7SP-242 Cost Evaluation of ADPE Procurement	DLA	Feb 77	Apr 77	Final Issued 3/31/77
7FA-243 Review of Foreign Military Sales	Director, DSAA	Mar 77	Oct 77	On Schedule
7F8-245 Assist Audit, Review of Weapons Procurement, Navy Appropriations	Director, DSAA	Mar 77	Jun 77	Final Report Prepared, Issue in 8/77

<u>Project Number & Title of Audit</u>	<u>Requested By</u>	<u>Date of Request</u>	<u>To Be Completed By</u>	<u>Status</u>
7SP-246 Review of Improvements to DoD Subsistence Procurement Practices	DASD (Supply, Maintenance & Services) and DLA	Mar 77	Sep 77	On Schedule
7SS-247 Defense Inactive Item Program	DASD (Supply, Maintenance & Services)	Mar 77	Dec 77	On Schedule
7ST-248 Use of Category Z Air Transportation	AF, Assistant DCS Systems & Logistics	Feb 77	Nov 77	On Schedule
7TK-250 NSA Civilian Welfare Fund	NSA Assistant Dir. for Plans & Resources	Mar 77	May 77	Draft Report in AM
7S3-251 SAMMS-Automated Small Purchase System (SASPS)	DLA	Apr 77	Jul 77	Draft Prepared
7FR-252 Utilization of Recruiting and Retention Funds by Reserve Components	DASD (Reserve Affairs)	Apr 77	Sep 77	On Schedule
7S3-253 Utilization of CONUS and Overseas Air Passenger Terminals	I&L	Apr 77	Nov 77	On Schedule
7SI-254 Evaluation of Minor Construction Program	DASD (Installations & Housing)	In Process	Aug 77	On Schedule
7E3-255 Actual vs Programed Expenditures for DLA War Reserves	DLA	Apr 77	Jul 77	On Schedule Draft in 8/77
7S5-256 Contractor Inventory Redistribution System-Test Data	DLA	Apr 77	May 77	Final Memo Report Issued 6/77
7EE-257 Audiovisual Activities	OIAF - ASD (PA)	Apr 77	May 77	On Schedule
7FR-259 Review of Reserve and National Guard Forces	Dir., Planning and Evaluation OSD	Apr 77	Aug 77	On Schedule
7IX-260 NAF-NSA Germany	Assistant Director for Plans & Resources-NSA	Apr 77	May 77	Draft Report in AM

<u>Project Number & Title of Audit</u>	<u>Requested By</u>	<u>Date of Request</u>	<u>To Be Completed By</u>	<u>Status</u>
7S3-262 Interservice Support Agreements with Defense Property Disposal Offices	DLA	Mar 77	Sep 77	On Schedule
7A0-263 Study of the Relationship of Internal Audit to Other Internal Review Groups in DoD	ASD.(Comp)	Feb 77	Dec 77	On Schedule
7FF-264 Leased Equipment	DASD(Admin)	Apr 77	Sep 77	On Schedule
7SI-265 DoD's Leased Housing Program	DASD(I&H)	May 77	Aug 77	On Schedule
7F2-268 Audit of Unliquidated Obligations	DLA/DGSC	May 77	Aug 77	On Schedule
7S2-269 Consolidation of Overseas Shipments-Bayonne	DLA/DGSC	Mar 77	Oct 77	On Schedule
7S-270 Supply Management of Bearings	DLA	Mar 77	Jul 77	On Sched
7SL-271 DPSC Disbursing Procedures Fresh Fruits & Vegetables	DLA	Mar 77	Jul 77	On Schedule
7EL-272 Automatic Payment of Invoices (DCASR-P)	DLA	Mar 77	To be determined	On Schedule
7SL-273 Indicia Labels	DLA	Mar 77	Jul 77	Cancelled
7F8-274 Review of RDT&E (N) Appropriations	Navy	May 77	Aug 77	On Schedule
7SY-276 Audit of Plant Modernization Costs	Director, (Program Analysis & Evaluation)	May 77	Sep 77	On Schedule
7FF-278 Progress Payments in the Shipbuilding Program	OASD(MRA&L)	Mar 77		Start deferred to 1/78
7IC-279 Review of DCA Communications Service Industrial Fund (CSIF)	Director, DCA	Jun 77	To Be Determined	
7SY-280 Audit of Cost Estimates for the Roland Missile	Director (Program Analysis & Evaluation)	May 77	Oct 77	On Schedule

<u>Project Number & Total of Audit</u>	<u>Requested By</u>	<u>Date of Request</u>	<u>To be Completed By</u>	<u>Status</u>	
7SY-282	Review of Requirements for Tactical Fighter Aircraft	Director, (Program Analysis & Evaluation)	Jun 77	Jan 78	On Schedule
7SI-283	Review of the Consolidated Real Property Maintenance (RPMA) at Selected Areas	DASD (Installations & Housing)	Jun 77	Sep 77	On Schedule
7TK-284	Financial Management Data System - NSA	Director, (Plans & Resources)	Jun 77	Aug 77	Cancelled
7TY-285	Nonappropriated Fund Activities, NSA	Director, Plans & Resources)	Jun 77	Aug 77	On Schedule
7IN-287	DARPA Project Management	DARPA	Jun 77	Aug 77	On Schedule
7SI-294	TP-4 Deferred Air Freight Program	CINCUSEUR	May 77	Aug 77	On Schedule
16	Initial Spares Procurement for Tactical Support Aircraft	ASD (Program Analysis & Evaluation)	Undated	Sep 77	On Schedule
7PE-297	Dependents Education	OASD(MRA&L) & DEPCINCEUR	May 77	Mar 78	On Schedule
7ER-300	Review of Actual vs. Programed Expenditures for War Reserves in the Army, Navy, Marines and Air Force	Senate Appropriations Committee	May 77	Dec 77	On Schedule
7S3-303	Review of Delinquent Dues-In for Back-ordered Items	DLA	May 77	Oct 77	On Schedule
7SS-304	Impact of DoD Cost Accounting System on Depot Management and Resource Allocation	DASD(MRA&L) (SMS)	May 77	Sep 77	On Schedule
7SL-305	SAMMS Management by Exception	DLA	May 77	Oct 77	On Schedule

<u>Project Number & Total of Audit</u>	<u>Requested By</u>	<u>Date of Request</u>	<u>To be Completed By</u>	<u>Status</u>
7SS-307 Validation of DLA SAMMS Pertaining to FMS	DLA	Jul 77	Aug 77	On Schedule
7FV-308 MAAG Administrative Costs	CINCPAC	Jan 77	Nov 77	On Schedule
7SY-309 Audit of the Surface Effect Ship (SES)	Deputy Director, DDRAE (Tactical Warfare Programs)	Apr 77	Nov 77	On Schedule
7FF-312 Obligations for Items not Carried in Stock Fund	DASD (Management Systems)	May 77	Dec 77	On Schedule

PERSONNEL END STRENGTH

FY 1977 - FY 1981

FY 1977	340
FY 1978	369
FY 1979	369
FY 1980	379
FY 1981	403 (ESTIMATE)

DEFENSE AUDIT SERVICE

EMPLOYEE PROFESSIONAL PROFILE

EDUCATION LEVEL:

BACHELOR'S DEGREE 311

MASTER'S DEGREE 75

LAW DEGREE 1

CERTIFICATION:

CPA 29

CIA 84

CDPA 13

ACCOMPLISHMENTS

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Div
80-001	9F7-017	U	Report on the Review of the Office of Civilian Health and Medical Program of the Uniformed Services Automated Information System	10-03-79	Dem
80-002	9IC-007	C	Report on the Review of Requirements for an AN/GSC-39 Satellite Communications Terminal (U)	10-03-79	IC
80-003	9FA-148	U	Review of Foreign Military Sales Ceiling Management	10-05-79	FM
80-004	9AB-018	U	Review of the Strategic Petroleum Reserve Acquisition Program - Defense Fuel Supply Center	10-12-79	SP
80-005	8SV-057	U	Third Summary Report on the Interservice Review of U.S. Force Reductions in Korea	10-12-79	SY
80-006	8AL-092	U	Report on the Audit of Subsistence Billing Operations Defense Personnel Support Center, Philadelphia, Pennsylvania	10-12-79	Phil
80-007	8IG-172	U	Report on the Review of Program Execution and Year-End Spending Controls at the Defense Intelligence Agency	10-15-79	IC
80-008	8AB-165	U	Report on the Review of Skill Progression Training Requirements	10-15-79	SE
80-009	9FA-013	U	Report on the Review of Army's Pricing of Ammunition for Foreign Military Sales	10-15-79	FI
80-010	8S4-156	U	Report on the Audit of Selected Supply Functions at the Defense Depot, Memphis, Tennessee	10-17-79	Atla
80-011	9SI-149	U	Report on the Review of the Cost Study Related to Audiovisual Services at Randolph Air Force Base	10-18-79	SY
80-012	8IG-183	S	Defense Dissemination Program (Classified Title)	10-26-79	IC
80-013	8AL-098	U	Interim Report on the Review of Small Purchases of Clothing and Textiles Defense Personnel Support Center, Philadelphia, PA	10-22-79	Phi
80-014	8FF-089	U	Report on the Review of the Management of Government Funded Automatic Data Processing Equipment at Contractors' Plants	10-24-79	FI
80-015	9SI-149	U	Report on the Review of Contractual Guard Services at the Lima Army Modification Center, Lima, Ohio	10-23-79	S

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Dist
80-016	9FH-044	U	Summary on the Review of Civilian Overtime at Selected Defense Logistics Agency Activities	10-23-79	SY
80-017	9SI-149	U	Report on the Review of the Cost Study Related to Trainer Maintenance and Fabrication at <u>Lackland Air Force Base</u>	10-23-79	SY
80-018	8AE-140	U	Report on the Review of Flight Simulator Training Devices	10-26-79	SP
80-019	8S8-164	U	Report on the Audit of DoD Physical Security	10-29-79	LOS
80-020	8I2-148	U	Report on the Review of Administrative Vehicles in the Norfolk Area	10-29-79	NOE
80-021	8SP-077	U	Report on the Review of Security and Control Over Small Arms and Ammunition	10-31-79	SY
80-022	9IK-049	C	Report on the Audit of Project TOPS/MOONPENNY Construction	11-02-79	IC
80-023	8AL-139	U	Report on the Review of Duplicate Contracts at Paying Offices, Defense Logistics Agency	11-01-79	SP
80-024	9FF-102	U	Report on the Review of the Management of Automatic Data Processing Operations at OCHAMBUS	11-06-79	SY
80-025	8IK-040	S	Report on the Audit of the Department of Defense TEMPEST Program	11-06-79	IC
80-026	9SI-178	U	Audit of Cost Evaluation of Automatic Data Processing Equipment (ADPE) Procurement, Request for Proposal	11-02-79	SY
80-027	9FH-044	U	Report on the Review of Civilian Overtime at the Defense Personnel Support Center, Philadelphia, PA	11-05-79	EM
80-028	9SI-149	U	Report on the Review of Selected Commercial and Industrial Activities at Keesler Air Force Base, Biloxi, Mississippi	11-05-79	SY
80-029	9IW-053	S	Report on the Audit of Defense Mapping Agency Missile and Target Data Requirements	11-13-79	IC
80-030	8AL-139	U	Report on the Review of Controls of Fast Pay Transactions, Defense Personnel Support Center, Philadelphia, Pennsylvania	11-14-79	PH
80-031	8F7-174	U	Report on the Audit of the Management and Administration of Psychiatric Benefits under the Civilian Health and Medical Program of the Uniformed Services	11-14-79	SY

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Div
80-032	9AE-050	U	Report on the Review of the Navy Air Combat Maneuvering Simulator	11-15-79	SP
80-033	9AO-031	U	Report on the Review of the Claims, Defense Program	11-23-79	SP
80-034	7SY-296	U	Report on the Review of Initial Spares Provisioning for Tactical Aircraft	11-26-79	SY
80-035	9S4-044	U	Review of Selected Support Functions at Defense Contract Administration Services Region Atlanta	11-27-79	Atlan
80-036	9FH-140	U	Report on the Review of Foreign Currency Fluctuations, Defense Appropriation	11-27-79	FM
80-037	9FH-140	U	Report on the Review of the Foreign Currency Fluctuations, Defense Appropriation	11-28-79	FM
80-038	9S5-113	U	Review of Real Property Maintenance and Construction, Defense Depot Memphis, Tennessee	11-29-79	St. Loui
80-039	9IN-043	U	Report on the Audit of Overtime Controls in the Defense Intelligence Agency	12-06-79	IC
80-040	9FA-020	U	Report on the Review of Foreign Military Sales Administrative Budgets at Selected Army Materiel Readiness Commands	12-13-79	FM
80-041	8SS-114	U	Report on the Review of Replenishment Policies for Secondary Investment Items	12-17-79	SY
80-042	8FH-177	U	Report on the Audit of Audiovisual Support for Training in the Department of Defense	12-26-79	FM
80-043	8SS-111	U	Report on the Review of the Logistics Data Element Standardization and Management Program	12-27-79	SY
80-044	9SS-041	U	Report on the Audit of the Defense Property Disposal Office Okinawa, Ryukyu Islands, Japan	01-07-80	SY
80-045	8FR-157	S	Report on the Review of Selected Command, Control, and Communications Systems in the European Theater (U)	01-07-80	FM
80-046	9FM-029	S	Report on the Review of Aviator Training Rates	01-08-80	FM
80-047	8FM-107	S	Report on the Review of DoD Aviator Requirements	01-14-80	FM
80-048	8IC-061	U	Report the Review of Frequency Management Within the Department of Defense	01-15-80	IC

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Div
80-049	8SP-173	U	Report on the Review of the Data Base Used for Contract Administration Services Staffing	01-15-80	
80-050	9SS-024	U	Report on the Review of Pricing of Materiel in the DoD Supply System	01-18-80	SY
80-051	8IK-043	C	Report on the Audit of Communications Security Equipment Maintenance in the Department of Defense	01-21-80	IC
80-052	9FM-029	U	Report on the Review of DoD Aviator Inventories	01-21-80	FM
80-053	9A2-092	S	Report on the Review of Antisubmarine Warfare Programs	01-21-80	SP
80-054	9FV-116	U	Report on the Review of Reimbursements to DoD Appropriations for Support Provided to the Security Assistance Program in Korea	01-24-80	PAC
80-055	8IN-063	S	Report on the Audit of Remotely Piloted Vehicles and Drones (U)	01-25-80	IC
80-056	9IK-097	C	Audit of the Management of Communications Security (COMSEC) Aids in the Department of Defense	01-23-80	IC
80-057	9SI-135	U	Report on the Audit of the Management of Planning and Design	01-23-80	SY
80-058	9SV-057	U	Report on the Review of Real Property Maintenance Activities in Hawaii	01-25-80	PAC
80-059	9FV-155	U	Report on the Review of Reemployment Travel Benefits, Hawaii	01-25-80	PAC
80-060	9AO-040	U	Report on the Review of Retired Military Pay to Survivors: The Department of Defense and the Veterans Administration	01-28-80	SP
80-061	9SI-055	U	Report on the Audit of the Family Housing Program for General, Flag, and Senior Officers	02-08-80	SY
80-062	8AL-095	U	Report on the Review of Selected Areas of Customer Support Defense Industrial Supply Center, Philadelphia, PA	02-20-80	SP
80-063	9IN-043	U	Report on the Audit of Overtime Controls in the National Security Agency	02-20-80	IC
80-064	9SS-072	U	Report on the Review of the Military Standard Logistics Systems Office	02-22-80	SY

30

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Dir
80-065	9AL-063	U	Report on the Audit of Defense Logistics Agency Transaction Controls for Subsistence Stocks Stored at Pacific Depots	02-27-80	SP (Phi)
80-066	9FR-056	S/FRD	Report on the Review of Selected Aspects of the Theater Nuclear Program (U)	02-27-80	FM
80-067	0FM-026	U	Review of DoD audiovisual Facilities	02-27-80	FM
80-68	9FF-162	U	Report on the Survey of Data Processing Activities in the Pentagon	03-03-80	FM
80-069	9SI-062	S	Report on the Review of the Planned Construction of a High Energy Laser Systems Test Facility at the White Sands Missile Range, New Mexico	03-10-80	SY
80-070	9AB-082	U	Report on the Review of DoD Storage Requirements for Aviation Fuel	03-12-80	SP
80-071	9SP-047	U	Report on the Audit of Procurement Activities at Selected Defense Supply Centers	03-12-80	SY
80-072	9SM-054	U	Report on the Review of the F-14 Engine Improvement Program	03-13-80	SY
80-073	9SI-134	U	Report on the Audit of the DoD Energy Conservation Investment Program for Family Housing and Reserve Component Facilities	03-13-80	SY
80-074	9AB-018	U	Report on the Review of Acquisition of Bulk Refined Fuel for DoD Use	03-17-80	SP
80-075	8SY-152	C	Report on the Review of Spare Aircraft Engine Requirements (U)	03-17-80	SY
80-076	9SM-008	U	Report on the Audit of the DoD Bearing Program	03-18-80	SY
80-077	0SS-028	U	Review of Property Management (Memo to Dir, JS)	03-18-80	SY
80-078	0SS-028	U	Review of Property Management (Memo to Dir, WHS)	03-18-80	SY
80-079	0SS-028	U	Review of Property Management (Memo to Dir, DLA)	03-18-80	SY
80-080	9IW-053	U	Report on the Audit of Mapping, Charting, and Geodetic Military Survey Resources within the Army and Marine Corps	03-25-80	IC
80-081	0IC-001	U	Review of Electronic Warfare Programs	03-25-80	IC
80-082	9AB-026	U	Report on the Review of Recruit Training Activities within the Department of Defense	03-27-80	SP

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Div
80-083	9SI-003	U	Audit of Maintenance and Repair of Family Housing	04-01-80	SY
80-084	9AE-050	U	Report on the Review of the Infantry Remoted Target System	04-02-80	SP
80-085	9SI-087	U	Report on the Review of the DoD Forestry Program	04-02-80	SY
80-086	9IJ-168	U	Report on the Review of Manpower Accounting in the Department of Defense	04-04-80	IC
80-087	8IC-181	U	Report on the Review of the AN/TTC-39 Switch Program	04-07-80	IC
80-088	9AE-015	S	Report on the Review of DoD Requirements for Close Air Support Aircraft (U)	04-10-80	SP
80-089	8IC-181	U	Report on the Review of Budgetary Support for the AN/TTC-39 Switch and Digital Group Multiplexer Procurement Programs	04-08-80	IC
80-090	9AE-050	U	Report on the Review of the Army's National Training Center	04-09-80	SP
80-091	9A7-130	U	Report on the Survey of Procedures for the Evaluation of Systems Reliability	04-10-80	SP
80-092	0FM-024	U	Audit of Contract Closings for Claims Processing Contractors	04-10-80	FM
80-093	9AO-107	U	Report on the Review of Disability Severance and Readjustment Payments	04-15-80	SP
80-094	9F7-079	U	Report on the Audit of The Recovery of Payments from Third Party Sources under the Civilian Health and Medical Program of the Uniformed Services	04-15-80	FM
80-095	0IW-060	U	Report on the Review of Office Furniture, Defense Mapping Agency	04-15-80	IC
80-096	8IC-169	U	Report on the Audit of the Defense Telephone Service - Washington	04-17-80	IC
80-097	9FF-052	U	Report on the Review of the Management of Defense Agency Data Processing Installations	04-25-80	FM
80-098	8I2-064	S	Final Report on the Review of the Management of Research and Development in Support of Tactical Operational Capability (U)	04-28-80	IC
80-099	8AL-098	U	Report on the Review of Procurement and Contract Administration for Clothing and Textiles Defense Personnel Support Center	04-30-80	Ph

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Div
80-100	9SX-037	U	Report on the Audit of Leased Housing in Europe	5/16/80	EUC
80-101	9AE-025	S	Report on the Review of Acquisition Management of Selected Tactical Missile Systems (U)	5/16/80	SP
80-102	9AE-025	S	Report on the Review of Requirements for Air Target Tactical Missile Systems (U)	5/16/80	SP
80-103	9IX-110	S	Report on the Audit of the USEUCOM Defense Analysis Center (EUDAC) (U)	5/18/80	IC
80-104	8IK	S	Use of Navy Project Orders (U)	5/27/80	IC
80-105	OSI-032	U	Review of Commercial or Industrial Type Activities Converted to Contract in FY 1977	5/27/80	SY
80-106	9SI-114	U	Report on the Audit of the DoD Food Service Program	5/28/80	SY
80-107	9FM-177	U	Report on the Review of the Tri-Service Medical Information Systems Program Office	5/28/80	FM
80-108	9SS-081	U	Report on the Review of the Responses to a Proposal to Realign Management of Consumable Items	5/29/80	SY
80-109	9AP-176	U	Report on the Review of the Acquisition and Distribution of Commercial Products Program	5/30/80	SP
80-110	9FV-011	U	Report on the Review of Temporary Lodging Allowances in Hawaii	6/02/80	FM
80-111	0IK-081	U	Review of Office Furniture, National Security Agency	6/03/80	IC
80-112	9FA-075	U	Report on the Review of Foreign Military Sales Transportation Costs	6/03/80	FM
80-113	0FR-037	S	Report on the Survey of Unit Training (U)	6/04/80	FM
80-114	9SL-128	U	Report on the Audit of Base Procurement Functions Defense Personnel Support Center	6/17/80	Phi
80-115	9FA-170	U	Report on the Review of Foreign Military Sales Administrative Budgets at Selected Air Force Activities	6/20/80	FM
80-116	0FA-083	U	Report on the Review of Contracts N00019-79C-0139 and N00019-79C-0335 Prior to Transfer of Accountability to the Centralized Foreign Military Sales Test Team	6/24/80	FM
80-117	OSI-002	U	Report on the Review of the Management of Polychlorinated Biphenyls (PCBs)	6/24/80	SY

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Div
80-118	9AO-027	U	Report on the Review of Disability Compensation Payments to the Active Reserves	6/27/80	SP
80-119	9AO-144	U	Report on the Review of DoD Debt Collection Programs for Former Military Personnel	7/10/80	SP
80-120	9FR-084	S	Report on the Review of Rapid Deployment Forces Designated to Respond to Contingencies (U)	7/10/80	FM
80-121	9IC-007	C	Report on the Review of DoD Satellite Communications Requirements (U)	7/16/80	IC
80-122	OS6-050	U	Review of Depot Maintenance Interservicing-MK 86 Gunfire Control System	7/17/80	SY
80-123	9AL-067	U	Report on the Review of Accounting, Contracting, and Contract Administration for Selected Defense Personnel Support Center Contracts	7/22/80	SP
80-124	9FM-167	U	Report on the Review of Provider Profiles and Payment Adjustments under the Civilian Health and Medical Program of the Uniformed Services	8/6/80	FM
80-125	9S8-065	C	Report on the Survey of Advanced Air Crew Training (U)	8/8/80	FA
80-126	9ST-089	S	Report on the Audit of the Military Ocean Terminals and the Capability of Commercial Port Facilities to Accommodate Defense Shipping (U)	8/20/80	SY
80-127	9FX-165	U	Review of the Eligibility of Recipients of Benefits Under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), Europe	8/21/80	FM
80-128	9AP-137	U	Report on the Review of the DoD Consulting Services Program	9/2/80	SP
80-129	9FA-094	U	Report on the Review of Foreign Military Sales Case Management	9/2/80	FI
80-130	9AE-088	S	Report on the Review of the B-52 Aircraft Modification Program (U)	9/3/80	SP
80-131	9AE-151	U	Report on the Review of the CH47 Helicopter Engine Product Improvement Program	9/4/80	SP
80-132	OSI-073	U	Report on the Review of Government Costs for the Operating Equipment, Maintenance and Analysis Function at the Defense Depot Tracy, California	9/5/80	SY

AUDIT REPORTS ISSUED

umber	Project	Class	Title	Date	Div
80-133	9IK-097	C	Report on the Review of Transmission Security of Atlantic Command Component Forces (U)	9/8/80	IC
80-134	OIW-144	U	Report on the Audit of Defense Nuclear Agency Unit Fund Account	9/9/80	IC
80-135	9AO-123	U	Report on the Review of Active Reserve Drill Pay	9/15/80	SP
80-136	9IK-023	C	Report on the Audit of Contractor Services at the National Security Agency (U)	9/16/80	IC
80-137	OAO-027	U	Report on the Review of Selected Department of Defense Merit Pay Plans	9/16/80	SP
80-138	9S4-127	U	Report on the Review of Leadership Training for Enlisted Personnel	9/23/80	SP
80-139	OFA-083	U	Interim Report on the Review of the Test of Centralized Accounting and Disbursing for Foreign Military Sales Direct Cite Procurements	9/24/80	FM
80-140	OSI-032	U	Report on the Review of the Implementation of the Revised Commercial or Industrial Type Activities Program	9/24/80	SY
80-141	OFH-101	U	Report on the Audit of Progress Payments on DoD Contracts Administered by Selected Army Plant Representative Offices	9/25/80	FM
80-142	9SS-076	U	Report on the Review of Management of Forklift Trucks Within DoD	9/29/80	SY (Sa
80-143	9IG-028	U	Report on the Review of Accounting Systems for Wiretap and Eavesdrop Equipment	9/29/80	IC

PROGRAM AND BUDGET

INFORMATION

DEFENSE AUDIT SERVICE
 OPERATION & MAINTENANCE, DEFENSE AGENCIES
Program and Financing (In Thousands of Dollars)

	<u>FY 1980</u> <u>Actual</u>	<u>FY 1981</u> <u>Estimated</u>	<u>FY 1982</u> <u>Estimated</u>
<u>Direct Obligations</u>			
Personnel Compensation	10,670	12,011	12,397
Personnel Benefits	1,236	1,384	1,429
Benefits to Former Personnel	24	6	6
Travel	1,839	2,438	2,525
Transportation of Things	53	58	63
Rent, Communications & Utilities	584	660	718
Standard Level User Charges (SLUC)	(362)	(415)	(452)
Communications, Utilities & Other Rent	(222)	(245)	(266)
Printing	1	1	1
Other Services	479	554	602
Supplies & Materials	71	78	85
Equipment	9	30	33
	<hr/>	<hr/>	<hr/>
Total Direct Obligations	14,966	17,220	17,859
<u>Reimbursable Obligations</u>			
Total Reimbursable Obligations	—	—	—
	<hr/>	<hr/>	<hr/>
Total Obligations	<u>14,966</u>	<u>17,220</u>	<u>17,859</u>

MAJOR ISSUES

MAJOR ISSUE #1 - MANPOWER RESOURCES

This major issue concerns the balancing of audit requirements and manpower resources. As shown in the chart below, DAS has no growth in manpower resources beyond FY 1982.

	<u>Basic Level End Strength</u>					
	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Fiscal Guidance (5/15/80)	403	410	440	470	465	460
DAS Preferred Program (5/15/80)	403	420	440	470	485	500
APDM (8/80)	403	409	409	409	409	409
Budget Review (As of 12/1/80)	403	409	409	409	409	409

When DAS was established in 1976, it was given only about half of the resources needed to provide the level and frequency of audit coverage prescribed by DoD Instruction 7600.3 and the GAO Standards for Audit of Governmental Organizations. Since 1976, we have managed to build the strength from 367 to 409 in FY 1982. The best interests of DoD in its efforts to combat fraud and waste would be best served by continuing the slow growth pattern for DAS in the FY 1982-86 timeframe. This is a realistic growth goal during the period and represents a genuine effort to reduce the serious audit staffing shortfall in DAS.

Major Issue #2 - Organizational Placement of the Defense Audit Service Within the Department of Defense

The Task Force on Evaluation of Audit, Inspection and Investigation Components of the Department of Defense report of May 1980 made the following recommendations regarding the organizational placement of the Defense Audit Service within the Department of Defense:

1. The Defense Audit Service and the Defense Investigative Service should report to an official who is free of operational responsibility for programs subject to audit and investigation and who is free to devote full time attention to audit and investigative responsibilities.

2. The Secretary of Defense should have the assistance of an additional full-time, senior staff officer, the Under Secretary of Defense for Review and Oversight, who could act on his behalf to monitor the economy, efficiency and effectiveness of the entire Department and to maintain a comprehensive effort against fraud, waste and abuse.

3. The Office of the Under Secretary of Defense for Review and Oversight should be established by statute providing for:

- Appointment by the President with the advice and consent of the Senate.
- Removal from office only by the President.
- Direction, control and supervision by the Secretary of Defense, or to the extent delegated, by the Deputy Secretary of Defense.

4. The Under Secretary should be responsible for:

- Providing direction, authority and control over the Defense Audit Service and the Defense Investigative Service (including the industrial security and personnel security programs).
- Formulating and promulgating Department of Defense internal audit, contract audit, internal review, criminal investigative and counterintelligence policy guidance.
- Oversight to ensure adherence to audit, investigative and counterintelligence policy guidance by elements of the Department. This would include programing and budgetary oversight of all audit and investigative agencies within the Department.

- Monitoring follow-up actions in response to internal and external audit and investigative findings and recommendations.
- Reporting problems and deficiencies related to the operation or administration of the Department to the Secretary of Defense.

As of December 1, 1980, the Secretary of Defense was still considering the task force's recommendations.



DEFENSE AUDIT SERVICE

SUMMARY REPORT OF OPERATIONS

FISCAL YEAR 1979

"Serving Management"



DEFENSE AUDIT SERVICE
1300 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22209

MEMORANDUM FOR MR. QUETSCH

SUBJECT: Annual Summary Report of Audit Operations

In accordance with Department of Defense Instruction 7600.1, I respectfully submit the annual summary report of audit operations of the Defense Audit Service (DAS) during the fiscal year ended September 30, 1979.

The activities of DAS are highlighted in Chapter One of this report. I believe 1979 was a significant year for DAS--a year marked by new leadership changes and intensive efforts to improve the quality of our efforts to Department of Defense managers.

Clement E. Roy
Clement E. Roy

Enclosure

The Defense Audit Service is under the control and direction of the Director, Defense Audit Service. The Director also performs the responsibilities of the Deputy Assistant Secretary of Defense(Audit). The Director is a career civil service employee under the Senior Executive Service.

DIRECTORS, DEFENSE
AUDIT SERVICE

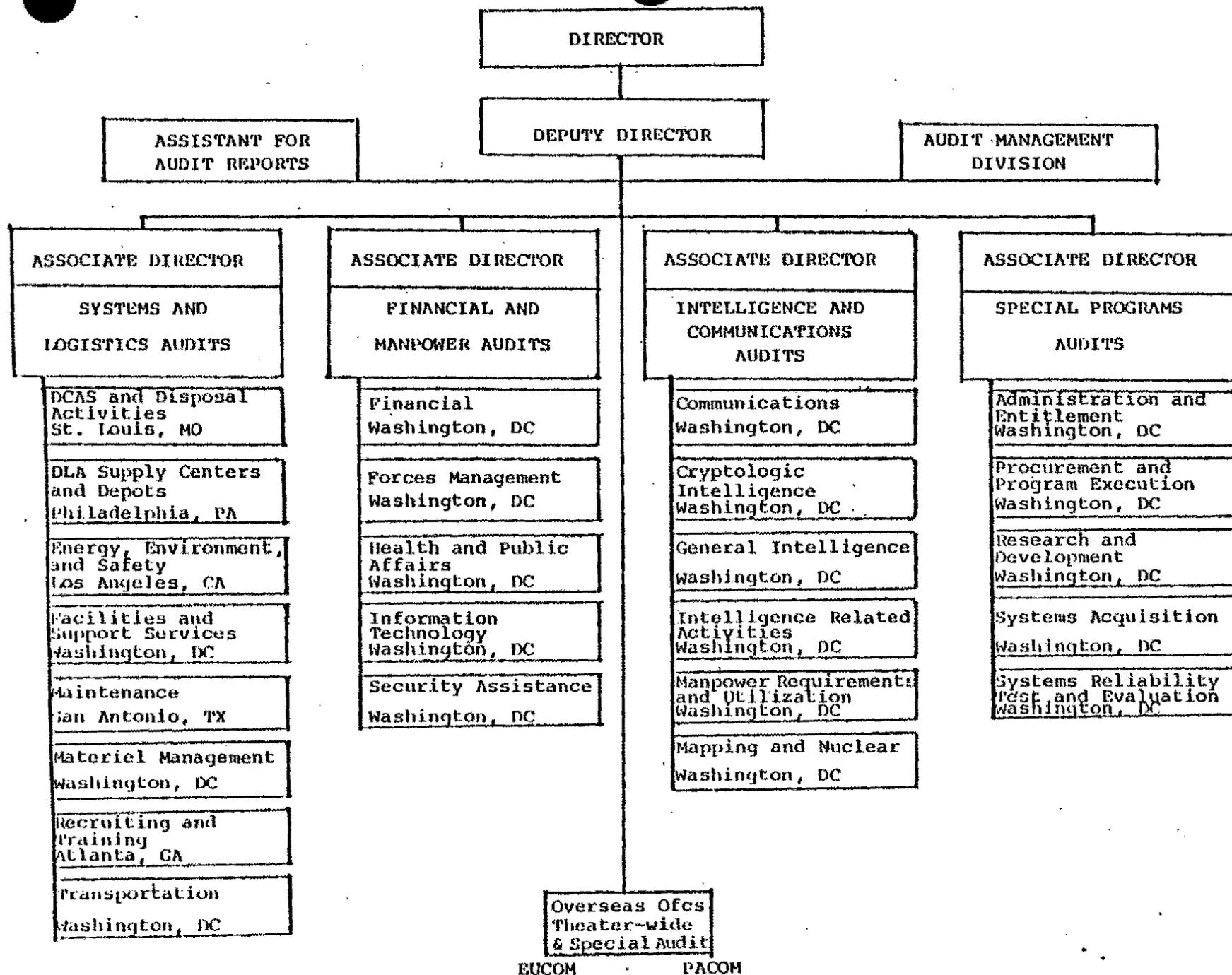
Frank Sato
March 1977 - May 1979

Clement E. Roy
June 1979 - Present

TABLE OF CONTENTS

	<u>Page</u>
Defense Audit Service Organization Chart.....	iv
 CHAPTER ONE---Highlights of Activities	
Assistance to the Department of Defense.....	2
Auditing.....	2
Impact of New Legislative Actions on DAS Operations...	4
Savings and Other Accomplishments.....	5
Operating Expenses.....	5
Staffing.....	5
Proposed Legislative Actions Affecting DAS.....	6
 CHAPTER TWO---Summary of Major Plans, Programs and Accomplishments	
Organizational Changes.....	7
Audit Priorities and Audit Emphasis.....	7
New Audit Techniques and Approaches.....	8
Research and Training.....	8
Management Receptiveness to Audit and Utilization of Audit Results.....	9
Significant Audit Accomplishments.....	9
 CHAPTER THREE---Highlights of Financial and Other Benefits	
Measurable Potential Financial Benefits.....	14
Potential Financial Benefits Not Readily Measurable...	20
Other Benefits.....	23
 APPENDICES	
Appendix A - Number of Audit Reports Issued During Fiscal Year 1979.....	33
Appendix B - Summary of Internal Audit Reports by Type of Audit Service.....	34
Appendix C - Audit Reports Issued During Fiscal Year 1979..	35
Appendix D - Personnel and Operating Expense Summary.....	46
Appendix E - Application of Total Time.....	48
Appendix F - Summary of Direct Internal Audit Time by Major Function and Type of Audit.....	49
Appendix G - Training Courses Attended by DAS Personnel During Fiscal Year 1979.....	50
Appendix H - Description of Major Organizational Units of DAS.....	52

DEFENSE AUDIT SERVICE ORGANIZATION CHART



Overseas Ofcs
Theater-wide
& Special Audit

EUCOM PACOM

CHAPTER ONE - HIGHLIGHTS OF ACTIVITIES

Throughout fiscal year 1979, Congress, Department of Defense (DoD) managers, and the public have focused on the efficiency and effectiveness of Government operations and the accountability of Government officials to taxpayers. The work of the Defense Audit Service (DAS) has been an important resource for DoD managers in carrying out their responsibilities.

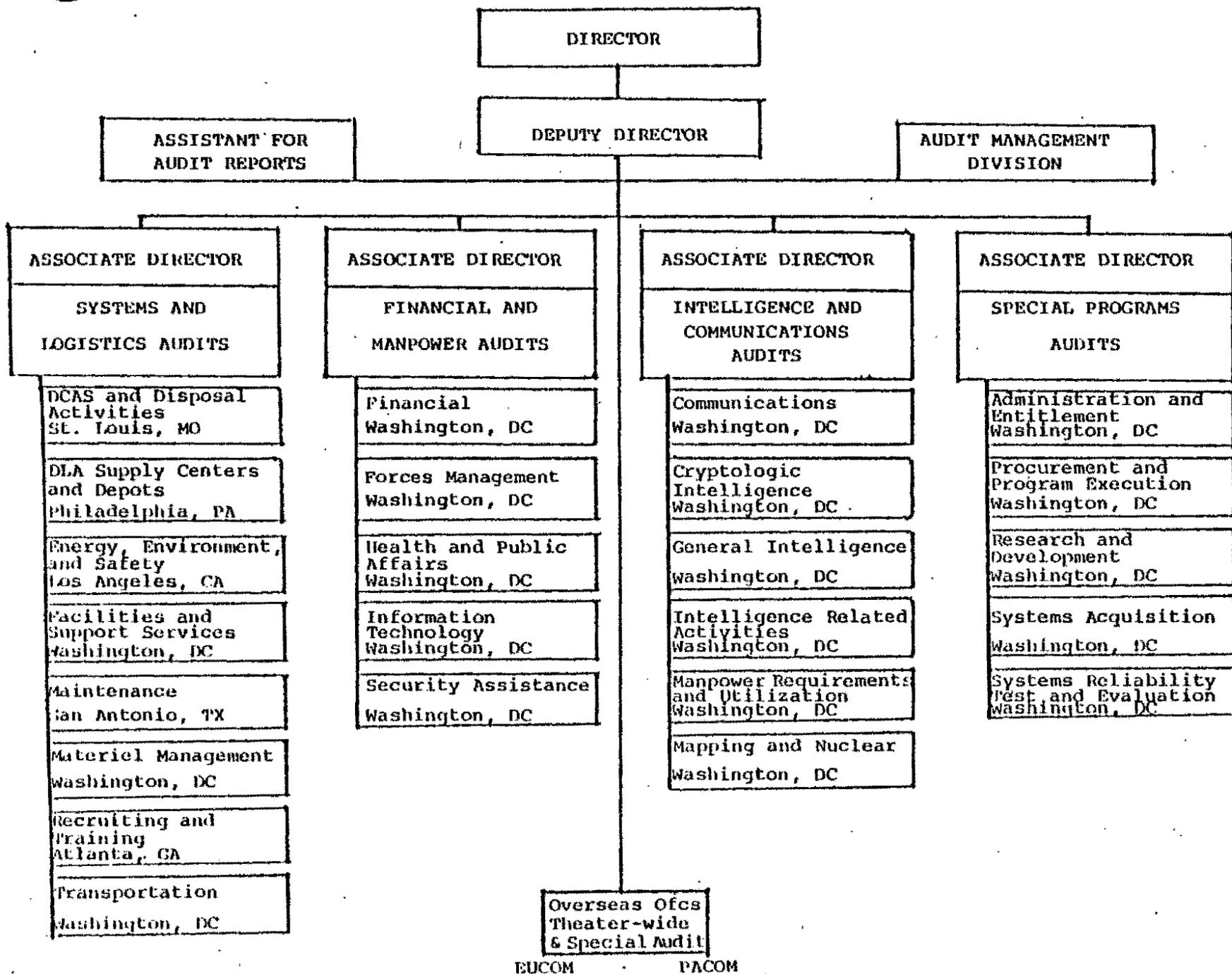
The DAS was officially chartered by DoD Directive 5105.48 in October 1976 following a decision by the Deputy Secretary of Defense in August of 1976 to form an internal audit agency at the Office of the Secretary of Defense (OSD) level. Previously, there have been operational auditors at the OSD level since about 1961 when a small office of 9 or 10 people was formed, initially to emphasize audits in the Security Assistance Program. From that initial responsibility, the areas of coverage have been broadened to include internal audits of OSD, the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies; special audits, quick response audits, and interservice audits. The interservice audits were made using auditors from the Office of the Secretary of Defense, the Military Department (Army, Navy, Air Force) audit agencies, and the Defense Logistics Agency.

Because of the continued difficulties in coordinating these audits, OSD decided that it would be more appropriate to have one agency in charge of all interservice audits and Defense Agency audits. This was an evolutionary development covering a period of about 15 years, which culminated in the Deputy Secretary of Defense decision of August 1976 to form the Defense Audit Service.

The Defense Audit Service was established to plan and perform:

- internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies;
- interservice audits in all DoD components;
- quick response audits on matters of special interest to the Secretary of Defense;
- audits of the Security Assistance Program at all levels of management; and
- special audits as requested.

DEFENSE AUDIT SERVICE ORGANIZATION CHART



EUROM

PACOM

CHAPTER ONE - HIGHLIGHTS OF ACTIVITIES

Throughout fiscal year 1979, Congress, Department of Defense (DoD) managers, and the public have focused on the efficiency and effectiveness of Government operations and the accountability of Government officials to taxpayers. The work of the Defense Audit Service (DAS) has been an important resource for DoD managers in carrying out their responsibilities.

The DAS was officially chartered by DoD Directive 5105.48 in October 1976 following a decision by the Deputy Secretary of Defense in August of 1976 to form an internal audit agency at the Office of the Secretary of Defense(OSD) level. Previously, there have been operational auditors at the OSD level since about 1961 when a small office of 9 or 10 people was formed, initially to emphasize audits in the Security Assistance Program. From that initial responsibility, the areas of coverage have been broadened to include internal audits of OSD, the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies; special audits, quick response audits, and interservice audits. The interservice audits were made using auditors from the Office of the Secretary of Defense, the Military Department (Army, Navy, Air Force) audit agencies, and the Defense Logistics Agency.

Because of the continued difficulties in coordinating these audits, OSD decided that it would be more appropriate to have one agency in charge of all interservice audits and Defense Agency audits. This was an evolutionary development covering a period of about 15 years, which culminated in the Deputy Secretary of Defense decision of August 1976 to form the Defense Audit Service.

The Defense Audit Service was established to plan and perform:

- internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies;
- interservice audits in all DoD components;
- quick response audits on matters of special interest to the Secretary of Defense;
- audits of the Security Assistance Program at all levels of management; and
- special audits as requested.

This mission permits DAS to examine essentially all activities within the Department of Defense. The worldwide commitment of the DoD is why the DAS maintains--in addition to its main office in Washington, DC--7 Field Offices and 4 Field Detachments located in the United States, Europe and Korea.

The "corporate" level audit mission and role of DAS in the DoD community have increased along with the DAS's leadership role in the audit community. Fiscal year 1979 was highly productive in improving DAS's relationships with, and its services to, DoD managers.

ASSISTANCE TO THE DEPARTMENT OF DEFENSE

Although much of our work is self-initiated in contrast to requested, we view all of our work as assisting DoD managers in their missions. We attempt to determine DoD needs so that we can provide timely information that will be useful in the decision-making process and contribute to better government.

Over the past 3 fiscal years, the proportion of our work devoted to direct assistance has increased. In fiscal year 1979 about 46 percent or 67 of the 145 reports issued by the professional staff were requested by Defense officials. A numerical summary of these reports by functional/program area is included as Appendix A. Appendix B highlights the number of installation, self-initiated and requested audit reports issued. A complete listing of reports issued during fiscal year 1979 is included as Appendix C.

Many of these reports recommend actions that we consider necessary to correct problems or improve programs and activities. A summary of our major audit plans, programs, and accomplishments is included in Chapter 2. Chapter 3 presents highlights of financial and other benefits from selected audit reports.

AUDITING

The scope of DAS audits is to determine whether:

- financial operations are properly conducted, financial reports are presented fairly, and the entity has complied with applicable laws and regulations;

- resources, such as people, money, property, space, are managed and used in an economical and efficient manner;

- desired results or benefits of DoD programs are being achieved, objectives are being met, and alternatives are being considered which might yield the desired results at a lower cost.

Our audits encompass all DoD activities and programs. Working locations for the audit staff are worldwide. During fiscal year 1979, we made audits in the United States, Germany, Korea and many other countries throughout the world. At least 150 audits are underway at any given time. The broad program areas of audits underway at the close of the fiscal year were:

	<u>Audits</u>
Financial and Manpower Programs	
Forces Management	8
Health and Public Affairs	5
Financial Management	10
Information Technology	5
Security Assistance	6
	<u>34</u>
Intelligence and Communications Programs	
Communications	9
Cryptologic Intelligence	6
General Intelligence	5
Intelligence Related Activities	5
Mapping and Nuclear	7
Manpower Requirements and Utilization	1
	<u>33</u>
Special Programs	
Systems Acquisition	7
Systems Reliability, Test and Evaluation	2
Administration and Entitlements	8
Procurement and Program Execution	3
	<u>20</u>
Systems and Logistics Programs	
Materiel Management	15
Transportation	4
Facilities and Support Services	10
Recruiting and Training	5
Defense Contract Administration Services and Disposal Activities	4
Defense Logistics Agency Supply Centers and Depots	14
Maintenance	7
Energy, Environment and Safety	6
	<u>65</u>
European Region Programs	
Theater-wide and Special Audits in Europe	<u>8</u>
Pacific Region Programs	
Theater-wide and Special Audits in the Pacific	10
Total	<u><u>170</u></u>

IMPACT OF NEW LEGISLATIVE ACTIONS ON DAS OPERATIONS

Legislative actions of Congress continue to result in assignment of new responsibilities to DAS. These new responsibilities include administrative type reporting requirements and requirements to make audits of certain DoD programs. Examples of important new legislative actions in fiscal year 1979 affecting DAS follow.

Public Law (PL) 95-452 (October 12, 1978). This law establishes an independent "Office of the Inspector General" in 12 civilian Departments. In the Department of Defense, PL 95-452 requires the Secretary of Defense to submit to Congress semiannual reports for the period October 1, 1978 through October 1, 1982, summarizing the activities of the audit, investigative, and inspection units of DoD. Such reports shall be submitted within 60 days of the close of the reporting periods ending March 31 and September 30, and shall include, but not be limited to:

- A description of significant instances or patterns of fraud, waste, or abuse disclosed by audit, investigative, and inspection activities during the reporting period and a description of recommendations for corrective action made with respect to such instances or patterns;

- A summary of matters referred for prosecution and of the results of such prosecutions; and

- A statistical summary, by categories of subject matter, of audit and inspection reports completed during the reporting period.

DAS submitted its initial semiannual report on April 30, 1979, covering the first 6 months of fiscal year 1979. A second semiannual report covering the last half of fiscal year 1979 was submitted in October 1979.

Report of the Committee on Appropriations, Fiscal Year 1979 DoD Appropriation Bill. The committee found it particularly disconcerting that there were so many overpriced items in the Defense supply system. To better determine the extent to which a pricing problem exists and to identify needed improvements in the current policies of the Military Departments and Defense Agencies, the committee recommended that DAS perform an audit of pricing policies.

Report of the Committee on Armed Services, Fiscal Year 1979 Military Construction Authorization Act. The committee was concerned about how effective the energy conservation investment program was functioning at Reserve activities and family housing projects. The committee recommended that an audit of the energy conservation investment program be made.

SAVINGS AND OTHER ACCOMPLISHMENTS

It is not possible to determine the full effect of DAS audits in terms of financial savings, improvements in operations, and increased effectiveness of programs and activities. However, DAS attempts to determine potential benefits attributable to its work which, by implementing our suggestions and recommendations, may result in dollar savings or other benefits to the Department of Defense.

For fiscal year 1979, DAS identified potential estimated savings of about \$1.4 billion. About \$979 million of this was nonrecurring and about \$383 million was recurring. Savings resulting from management improvements many times cannot be measured accurately. Also, some improvements make programs work better, but not cheaper. Such improvements are often more important than actual financial savings.

OPERATING EXPENSES

The fiscal year 1979 total operating expenses for DAS were \$13.8 million. Personnel compensation and benefits comprised \$11 million or 80 percent of total expenditures, while travel and other items comprised 13 percent and 7 percent respectively.

STAFFING

Our greatest asset is the competence, dedication, and enthusiasm of our staff. As of September 30, 1979, we had 369 employees. Of these, 339, or about 92 percent, were members of our professional staff.

Analysis of Staff Changes

	<u>Professional</u>	<u>Other</u>	<u>Total</u>
Employees on rolls as of			
October 1, 1978	329	40	369
Appointments	46	11	57
Transfers between categories	1	-1	0
Total	<u>376</u>	<u>50</u>	<u>426</u>
Separations:			
Retirements	4	1	5
Transfers to other agencies	29	15	44
Other separations	4	4	8
Total separations	<u>37</u>	<u>20</u>	<u>57</u>
Employees on rolls as of			
September 30, 1979	<u>339</u>	<u>30</u>	<u>369</u>

Our diverse and complex responsibilities require staff members to have functional expertise, supervisory capability, and versatility. DAS has 311 employees with a bachelor's degree and 74 with a Master's Degree. Also, 87 professionals are certified internal auditors; 36 are certified public accountants; and 13 are certified data processing auditors. Professional staff members can get wide experience and broaden their own perspectives of Government operations by auditing diverse Defense programs, or they may remain in a functional area to expand their expertise. We consider DAS needs, as well as the individual's, in making staff assignments.

Our equal opportunity employment profile continued to improve as we hired, trained, and promoted minorities and women, who now comprise about 25 percent of our work force.

PROPOSED LEGISLATIVE ACTIONS AFFECTING DAS

Public Law 95-452 required the Secretary of Defense to establish a task force to study operations of the audit, investigative, and inspection components in DoD which engage in the prevention and detection of fraud, waste, and abuse. By April 1, 1980, the task force is required to submit a report to the Secretary of Defense, the Director of the Office of Management and Budget (OMB), and Congress. The report must cover, but not be limited to:

- descriptions of the functions of audit, investigative, and inspection components in DoD and the extent to which such components cooperate in their efforts to detect and prevent fraud, waste, and abuse;

- evaluations of whether such components are sufficiently independent to carry out their responsibilities;

- relationships among the components and the Criminal Division of the Department of Justice; and

- recommendations for change in organization or functions that may be necessary to improve the effectiveness of the components.

The Director and senior staff members of DAS have met with the task force. In addition, considerable written input on DAS operations was provided to the task force. The recommendations of the task force are expected to have a significant impact on the future operations of the audit, investigative, and inspection components of the Department of Defense.

CHAPTER TWO - SUMMARY OF MAJOR PLANS, PROGRAMS AND ACCOMPLISHMENTS

This chapter summarizes the major plans, programs and accomplishments of DAS during the fiscal year ended September 30, 1979. Organizational changes, audit priorities and emphasis, new audit techniques and approaches, research and training, management receptiveness to audit, and utilization of audit results and significant audit accomplishments are discussed.

ORGANIZATIONAL CHANGES

During fiscal year 1979, major organizational changes were made in the Defense Audit Service.

- Mr. Frank Sato left on May 11, 1979 to become the Inspector General of the Department of Transportation. Mr. Clement E. Roy was appointed the Director, Defense Audit Service effective June 3, 1979.

- The San Francisco Regional Office and the Mechanicsburg and Dayton audit sites were officially closed.

- The closing date (July 1, 1980) for the Dallas Regional Office was announced. This office will be reestablished during fiscal year 1980 in San Antonio as the San Antonio Field Office.

- The term "Regional Office" was replaced by the term "Field Office" for our major field audit sites and by the term "Field Detachment" for our smaller field sites. The DAS field organization now consists of 7 Field Offices (Philadelphia, Atlanta, St. Louis, Los Angeles, San Antonio, Pacific, and European) and 4 Field Detachments (Norfolk, Columbus, Denver and Korea).

- The functional program areas within DAS were redefined and realigned among the 4 operating divisions. Twenty-six major functional areas (Appendix H) were defined and each area was assigned to a GS-15 Program Director. Responsibility for 19 of these functional areas was assigned to Program Directors in the 4 Main Office operating divisions. The remaining 7 functional areas were assigned to the Field Office Program Directors.

AUDIT PRIORITIES AND AUDIT EMPHASIS

Congressional concern over abuse of civilian overtime in Government Agencies resulted in DAS conducting audits of civilian overtime in all Defense Agencies. In addition, DAS emphasized audits in other areas where fraud, waste, and abuse could occur. These areas include the DoD food service program, procurement and contract administration in Defense agencies and benefits received by military retirees and their survivors from both the Military Departments and the Veterans Administration.

NEW AUDIT TECHNIQUES AND APPROACHES

DAS auditors and audit managers continue to strive for improvement in the quality of their audit products through use of new and innovative audit techniques and approaches. An example of new approaches used is demonstrated by our review of retired military pay. There are about 1.2 million military retirees or retirees' survivors receiving retired pay from DoD. Some of the retirees or their survivors are also compensated from the Veterans Administration. A complete reconciliation of Veterans Administration payment records with the Uniformed Services had never been accomplished. DAS, using advanced Automatic Data Processing (ADP) audit techniques and with the cooperation of the Veterans Administration, was able to make a complete reconciliation of the payment records. This reconciliation highlighted numerous problems in retired pay. Because of these problems, DAS has initiated a number of follow-on audits, such as readjustment and severance pay. In addition, the results of our audits are being coordinated with the Veterans Administration.

RESEARCH AND TRAINING

The Defense Audit Service continued to emphasize professional development. DAS provided almost 2,400 man-days of training to its staff in fiscal year 1979.

This year's training program included internally managed courses for auditor interns, junior and senior auditors, audit managers and executive personnel. Subjects included audit standards, principles, and techniques, as well as DAS policies and procedures. The in-house training was supplemented by courses from other Government and commercial activities. This additional training included both general and functional courses such as, "Written Communications" and "Systems Acquisition Policies in DoD," respectively.

Our executive development program included graduate courses, review courses for professional certification, and a variety of conferences. DAS sponsored 5 graduate level management and public administration courses during the year and about 20 auditors attended review courses to prepare for the Certified Public Accountant Examination. Selected auditors attended seminars, conferences, and workshops sponsored by The Institute of Internal Auditors, American Association of Accountants, and the Association of Government Accountants. A list of the courses attended by DAS personnel in fiscal year 1979 is attached (Appendix G).

DAS also encourages all of its staff to participate in individual development programs and professional societies, and to attain advanced degrees and professional credentials and certification. When the training is job related, DAS pays one-half of the cost of tuition and books for courses offered in nongovernment facilities.

MANAGEMENT RECEPTIVENESS TO AUDIT AND UTILIZATION OF AUDIT RESULTS

DAS audit reports in fiscal year 1979 gained the attention of top officials in DoD as well as various congressional committees. Virtually every major staff element of the Office of the Secretary of Defense has requested DAS to perform an audit in their area of responsibility and many DAS audit reports were cited in congressional reports. DAS reports are prepared on some of the most controversial subjects in DoD and the reports have helped the users to effectively improve management of DoD programs. Even when managers nonconcur in some audit recommendations, the audit findings and results are often useful to DoD officials in seeking alternative solutions to management problems.

SIGNIFICANT AUDIT ACCOMPLISHMENTS

Audit reports issued during fiscal year 1979 resulted in both significant monetary benefits as well as improvements in operations and effectiveness of DoD activities. The potential measurable benefits attained or that could result from actions taken or planned as a result of recommendations in our reports were estimated at \$979 million (nonrecurring) and \$383 million (recurring).

Our operational costs for the fiscal year were \$13.7 million. Therefore, the potential monetary benefits from the audit effort were about \$99 for every dollar spent on audit resources. A listing of the FY 1979 reports with estimated monetary benefits by program/functional area follows:

<u>Program/Function</u>	<u>Estimated Savings (millions)</u>
<u>Health and Public Affairs</u>	
79-060 Improvements in administration of non-availability statements (nonrecurring)	\$2.0
79-100 Consolidating DoD motion picture production facilities (recurring)	.6
<u>Financial Management</u>	
79-041 Improving the processing of contractors' invoices to take advantage of discounts (recurring)	.9
<u>Information Technology</u>	
79-040 DoD exercise of accrued purchase credits on computer equipment leased by Defense contractors (nonrecurring)	100.0

79-162 Improved management of technologically
obsolete computers in DoD (nonrecurring)
Elimination of parallel ADP management
information systems (nonrecurring) 2.0

Security Assistance

79-035 Government-furnished material applied
to Foreign Military Sales items were
not billed to the foreign governments
(nonrecurring) 2.0

79-049 Collection of administrative fees would
increase revenues (nonrecurring) 5.0

79-064 Improving the Defense Logistics Agency
budget estimate and subsequent billings
for FY 1978 administrative costs (non-
recurring) .5

79-112 Dedicated training costs for FYs 1977 and
1978 were underbilled (nonrecurring) 1.0

Communications

79-022 Controlling long distance telephone calls
in the Norfolk area--Navy (recurring) .1

79-031 Reducing duplication in the Military Depart-
ments by controlling software development for
the Worldwide Military Command and Control
System ADP Program (recurring) 10.2

79-067 Use of minicomputers in lieu of large main-
frame computers for automated message hand-
ling systems--Army and Navy (nonrecurring) 40.0

79-096 Cancellation of the product improvement
program on the proposed Army Troposcatter
radio system--Army (nonrecurring) 32.0

Mapping, Nuclear and Ammunition

79-069 Demilitarization of ammunition and ex-
plosives would eliminate the need to
construct additional storage magazines
(nonrecurring) 65.5

Research and Development

79-024 Cancellation of Army procurement of radio
transponders because onhand equipment
is suitable (nonrecurring) 7.6

79-043 Excess communications equipment for the Mark XII system could be used to satisfy foreign military sales requirements (non-recurring) 1.6

Administration and Entitlements

79-093 Absence of correct data contributed to improper payments in disability compensation (recurring) 6.2

79-119 Administrative procedures ineffective in preventing survivor benefit plan premiums from being delinquent (nonrecurring) 3.5

79-124 Insufficient care in processing data for retiree entitlement computations (nonrecurring) 5.9

Materiel Management

79-140 Stock war reserves in accordance with established DoD criteria (nonrecurring) 503.0

79-039 Improved cash management in the acquisition of fuel and cost-effective payment priorities (recurring) 17.0

Transportation

79-025 Closing some military air passenger terminals, reducing operations at others, decreasing personnel strengths, and curtailing questionable operations (recurring 17.4 and nonrecurring 17.5) 34.9

79-052 Chartering more economical aircraft, using cost-favorable aerial ports, reducing the number of unused seats on chartered aircraft and minimizing use of costly commercial service (recurring) 52.9

79-108 Expanded use of the commercial bill of lading for shipments with shipping charges of \$100 or less (recurring) 1.6

79-111 Correcting certain uneconomical procedures inherent in the Worldwide Aeromedical Evacuation System and reducing the C-9 flying-hour program and the number of pilots assigned to authorized levels (recurring 16.4 and nonrecurring 2.1) 18.5

79-122 Strengthen the procedures and controls for distribution of less-than-truckload freight

to highway carriers by the Defense Depot,
Tracy, California (recurring) .4

Facilities and Support Services

79-048	Consolidate printing and duplicating facilities and reduce staffing of these operations (recurring)	10.0
79-059	Better planning to increase the use of Reserve and Guard facilities and to improve the military construction program for the Reserve components (recurring 4.0 and non-recurring 33.0)	37.0
79-076	Apply Air Force staffing criteria to Navy auxiliary air fields and cancel a military construction project (recurring 1.0 and non-recurring 2.0)	3.0
79-130	Cancel plans to replace ESCAPAC ejection seats and upgrade the existing seats (nonrecurring)	87.0
79-127	Reduce investments in war reserves of construction and related civil engineering equipment stored in the continental United States and cancel a military construction program (recurring 2.0 and nonrecurring 2.0)	4.0
79-134	Cancel military construction projects at the Defense Construction Supply Center (nonrecurring)	3.0
79-141	Gas turbine propulsion system training facility could use simulators rather than operational equipment (nonrecurring)	61.0

Defense Logistics Agency Supply Centers and Depots

79-081	Using standard medical materiel in the supply system in lieu of local purchase and using DoD facilities in lieu of commercial maintenance and repair of medical equipment (recurring)	1.4
--------	---	-----

Defense Contract Administration Services and Disposal Activities

79-091	Reducing fees and indirect/overhead cost when special test equipment is acquired by contractors for DoD contracts; collecting rent for use of Government-owned special test equipment on commercial contracts; and	
--------	--	--

eliminating unnecessary storage cost charged
by contractors by disposing of unneeded and
obsolete special test equipment (recurring) 13.5

Maintenance

79-086 Reducing power usage on DoD aircraft
(recurring) 196.0

79-087 Improving maintenance of motor vehicles,
major computer systems, and production
equipment at the Defense Mapping Agency
(recurring) .3

Energy, Environment and Safety

79-019 Using fire protection practices which have
proven effective in one or more of the
Military Departments and at commercial,
airports (recurring) 31.0

CHAPTER THREE - HIGHLIGHTS OF FINANCIAL AND OTHER BENEFITS

The Defense Audit Service issued 145 audit reports during the year. With respect to benefits, the reports can be categorized as resulting in (1) measurable potential financial benefits, (2) potential financial benefits that are not readily measurable, and (3) benefits other than financial. Highlights of selected reports by category follow.

MEASURABLE POTENTIAL FINANCIAL BENEFITS

Many important measurable financial benefits could accrue to DoD if DAS' recommended actions were implemented. A synopsis of selected reports in this category follows.

Selected Aspects of Workload Management at Military Hospitals. In this report, several areas were discussed where improvement in the management of military hospitals would be beneficial. The hospitals were not ensuring that authorizations granted for use of Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) were justified in 26 percent of the cases we reviewed. The potential CHAMPUS cost for the care involved in the cases we questioned was about \$2 million for the 6 hospitals we visited. The Services' methods of determining staffing resulted in different numbers of physicians for a given workload and the estimates of numbers of beneficiaries used to determine workload were overstated. The Military Departments generally concurred in our recommendations.

Administrative Control of Funds, Defense Personnel Support Center, Philadelphia, Pennsylvania. Internal controls over the processing of stock fund transactions were inadequate to prevent or disclose erroneous or fraudulent payments. Outstanding obligations were not validated. The differences between unliquidated obligations reported to higher authority and the balances recorded in the subsidiary accounting records totaled almost \$400 million. Unsupported transactions and adjustments were processed, and required reconciliations were not performed. There were apparent overobligations and violations of Section 3679, Revised Statutes, involving FY 1976 Operations and Maintenance funds. More timely processing of contractors' invoices involving discounts could save an estimated \$900,000 annually. Similar conditions concerning the lack of adequate accounting procedures were reported in June 1976 by the Defense Logistics Agency Auditor General.

Management of DoD Investment in Contractor Leased Automatic Data Processing Equipment. Reviews at 6 of 105 Defense contractors showed that DoD had not attempted to obtain the rights to accrued purchase credits on leased computer resources in accordance with the Federal Procurement Regulation. Better DoD policy guidance and procedures were needed to recognize, report, and manage DoD's

interest in contractor leased computer resources. We could not accurately determine how much future costs could be reduced if DoD exercised its options to buy the equipment when no longer needed for the DoD contracts. However, we believe that up to \$100 million could be saved.

Interservice Audit of Government-Furnished Materiel Applied to Foreign Military Sales Items. A sample of \$5.1 million of Government-furnished materiel applied to foreign military sales items indicated that about \$2.0 million was not billed to the foreign governments. The sample results could not be projected because the total amount of materiel furnished to contractors under the Military Standard Requisitioning and Issue Procedures system is unknown. DoD is studying the feasibility of billing foreign military sales customers on the basis of materiel listings.

Automated Message Handling Systems - Telecommunications Oriented. Potential savings of about \$40 million and enhanced operational capabilities could be achieved by selection of the Air Force automated message handling system concept as the standard for Joint Service use. The Air Force system uses minicomputers and incorporates an advanced hardware and software design. The Army and Navy planned to continue to deploy conventional, large mainframe computers. We recommended that these computers be phased out in favor of the Air Force system concept which is considerably less expensive and has greater capabilities. Management agreed that current technology favors the use of minicomputers but thought that it would be premature at this time to designate the Air Force concept as the standard. However, they indicated that interim action would be taken to limit further deployment of current systems.

Department of Defense Voice Security Programs. The purpose of the audit was to evaluate the effectiveness of the National Security Agency and Military Departments in developing and acquiring voice security for critical tactical radios by 1982 and eventually all military voice communications. The review showed that worthwhile improvements could be made in the management of voice security programs to overcome the critical shortage of voice security devices existing within U.S. combat forces. The absence of a project management reporting system resulted in cost overruns of \$22 million and expenditures of \$10 million for equipment that did not meet security standards. Also, because the Military Departments had not coordinated their voice security plans, requirements were not accurately identified and communications interoperability problems increased the risk of exploitation by hostile forces. Management agreed that detailed secure voice implementation plans should be developed and certain areas required additional management emphasis. However, they generally disagreed with the recommendations.

Audit of the DoD Scientific and Technical Intelligence Production Program. Sufficient management controls had not been established

to ensure that the production program was supporting valid intelligence requirements. About 62 percent of the production tasks and 78 percent of the production requirements referenced in the tasks were not validated for at least 4 years. In addition, originators of requirements for intelligence support were not provided with sufficient or timely intelligence data, and were not consulted about specific intelligence needs prior to development of needed products. As a result, many customers indicated that the products they received did not completely meet their needs, were of little use, or were not needed. Management concurred in our recommendation to establish sufficient management controls and to provide originators of requirements with sufficient data.

Defense Attache System. The review showed that the Defense Attache System was performing its overall mission in a satisfactory manner. Three areas in which improvements could be made to achieve greater management efficiency were identified. First, criteria and procedures were not established for managing the aircraft inventory valued at \$9.6 million and costing \$1.3 million annually to operate. Neither we nor the attache managers could determine from existent information the propriety of aircraft initial assignments, continued retention, and current stationing. Second, intelligence information reports were not being processed in accordance with established procedures. As a result, high priority requirements were not satisfied. At the same time, the attaches spent about half their efforts, at a cost of \$1.4 million annually, to prepare reports from material already available to analysts or in other than intelligence or intelligence-related functions. Third, the responsibility for management of emergency and extraordinary expenditures for maintenance of attache quarters was fragmented. Minimum usage expectations were not met during the 15-month period covered by the review for 49 attache quarters on which more than \$146,500 of emergency and extraordinary maintenance funds were expended. Because of the fragmented responsibility, regulatory provisions that provided for withdrawal or reduction of maintenance funds were not invoked. Management disagreed with our recommendations to better manage aircraft inventories and emergency and extraordinary maintenance funds. Management concurred that information reports were improperly processed.

Adequacy of Inventory and Accounting Controls Over Conventional Explosives. The audit showed that inventory and accounting controls over conventional explosives were ineffective. We physically inventoried 35 percent of the 44.8 million grenades, mines, and demolition charges on hand. We found inaccuracies in the custodial and/or accountable records involving 1.5 million items. Physical security at some major storage depots and installations was inadequate; and, in our opinion, unauthorized access to sensitive areas was possible. More than 108,000 short tons of ammunition and explosives awaiting demilitarization occupy about 1.8 million square feet of prime storage space. Demilitarization

of this stock could result in potential construction savings of about \$65.5 million. Also, at one Army ammunition plant we visited, more than 8,600 pounds of TNT were lost in production during a 4-month period. Management stated that the findings and recommendations would be reviewed with the Services and necessary corrective action would be taken.

Tactical Fighter Aircraft Requirements. The Services had not used uniform methods and planning factors to compute aircraft requirements and had not revised projected requirements as experience showed that initial estimates could be refined. Considering the cost involved, the justification for the quantities of aircraft included in the procurement programs of the Services should be completely documented and thoroughly evaluated before current acquisition plans are fully implemented. Our review showed that aircraft valued at \$5.22 billion may not be needed for the purpose stated by the Services. Management generally concurred in the report recommendations.

DoD Other Procurement Program Execution. There has been increasing concern within Congress, the Office of Management and Budget, and the Executive Office of the President that DoD has not been obligating and expending appropriated funds as planned. Since FY 1976, obligations and outlays have lagged behind estimated rates. As a result, funds have lapsed because they were not obligated within specified time frames.

We focused our review on the communications and electronics portion of the FY 1977 Other Procurement Appropriation. Review of 36 communications and electronics programs that had an approved value of \$1.1 billion showed that, because of difficulties in forecasting and validating requirements prematurely, 57 programs had obligation shortfalls in FY 1977 of \$250 million. We also found that 2 obligation forecasts existed: one at the Military Departmental headquarters level that was primarily negotiated with the Office of the Secretary of Defense and a second, more detailed forecast developed by the Services' program management offices. Differences that generally could not be reconciled existed between these 2 forecasts.

Retired Military Pay, the Department of Defense and the Veterans Administration. The absence of correct data contributed to improper payments of about \$4.8 million in disability compensation, dependency and indemnity compensation, and payments to widows under the Minimum Income Provisions of the Uniformed Services Survivor Benefit Plan. Also, overstated entitlements could result in additional improper payments of \$6.2 million. DoD and Veterans Administration officials agreed that improvements could be made in operating procedures for payments to military retirees and survivors.

Retention and Transfer of Materiel Assets. The mechanized procedures used by DoD components for making stock retention decisions were not based on true economic criteria. Demand data available to wholesale managers were not adequate as a sole basis for retention decisions. Computations were distorted in favor of disposal because the cost-to-hold factors used were unrealistically high. As a result, the established procedures were widely ignored; and special disposal programs were undertaken to eliminate inactive inventories. Because requisitions were received for many items after the items were sent to disposal, more stocks were bought to fill the new demands.

DoD did not have a shortage of warehouse space that would necessitate inventory disposal. The criteria used in most disposal decisions were not designed to free storage space.

The shortcomings in available demand data were largely beyond the control of the wholesale management activities. Several of the contributing factors could not be readily overcome. Since the cost to hold the materiel was actually very low, we concluded that the DoD retention policy should be modified to permit retention of ready-for-issue materiel if a foreseeable need exists. The Military Departments concurred in our recommendations, but the Defense Logistics Agency had some reservations concerning the recommended solutions.

Military Airlift Command Air Passenger Terminals. One-time savings estimated at \$17.5 million and recurring annual savings estimated at \$17.4 million could be achieved by closing unneeded Military Airlift Command air passenger terminals, reducing operations at other terminals, and discontinuing predeparture customs inspections of passengers. The auditors recommended that the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) direct the Military Airlift Command to close 4 military air passenger terminal facilities and reduce the size (manpower and operations) of 5 others. The Secretary of Defense has since closed the Norton air passenger terminal and tasked the Air Force to reflect in the FY 1981 Program Objective Memorandum a plan that addresses consolidation and/or closure of the other 15 major air passenger/cargo terminals operating in the continental United States and overseas.

Utilization and Construction of Reserve Forces Facilities. The audit showed that improved planning of Reserve facilities would result in better use of the facilities. The audit also showed that the construction program needed improvement. Consolidation of construction requirements, as well as changes in construction criteria, could save DoD an estimated \$33 million in one-time savings and about \$4 million in recurring savings annually. The report contained 19 recommendations to improve the construction program for Reserve Forces facilities. The Deputy Assistant Secretary of Defense (Installations and Housing) was considering

these recommendations and had not commented on the audit report when this report was prepared.

DoD Medical Materiel Support Program. The procedures and practices used by selected health care activities did not ensure that medical materiel was procured and maintained at the lowest cost. Medical materiel was purchased locally by Army and Navy medical activities although the materiel was available at a lower cost through the Defense supply system. Annual savings of about \$1.25 million could have been realized if such materiel had been obtained from the Defense supply system. Inappropriate local procurements were made because supply catalogs were inadequately screened, local purchase items were coded erroneously, and local supply records were inaccurate. Management concurred in our findings and recommendations.

Use of Contractors for Specialized Skill Training. The Defense Audit Service reviewed the Department of Defense and Service policies and procedures governing the use of contractors to train military personnel. In FY 1979, Specialized Skill Training exclusive of student salaries, will account for about \$1 billion of the total \$5.9 billion program for training military personnel. The \$1 billion being spent on instructors and facilities to provide military personnel specialized skill training warrants comprehensive evaluation of the alternatives to in-house operations. To date, the Services have not aggressively pursued the alternatives of contracting with the private sector, or obtaining the training from civil agencies of the Government. Therefore, we believe OMB Circular A-76 should be implemented by the Office of the Secretary of Defense, with specific policy guidance to the Services, emphasizing the requirements for assessing alternative sources of specialized skill training instruction to reduce costs and to get the best use of military personnel in the active forces.

Government-Owned Special Test Equipment Retained by Defense Contractors. The Defense Audit Service reviewed procedures and controls over Government-owned special test equipment in the possession of Defense contractors. About one-third of this type property reviewed at 19 contractors was erroneously classified (\$104 million of \$297 million). Additional procurement costs to the Government, estimated at \$13 million, were incurred; and competitive advantage was given to some contractors because Defense Acquisition Regulation (DAR) procedures for technical review and acquisition were not being followed. In addition, rent was sometimes not being collected for use of this equipment on commercial contracts. The auditors also found that unnecessary storage costs were being incurred because proper disposition action was not taken for idle and obsolete equipment. Government-owned special test equipment in the possession of all Defense contractors was estimated at \$2.4 billion. The Deputy Under Secretary of Defense, Research and Engineering (Acquisition Policy) directed that the

Military Departments and the Defense Logistics Agency take corrective action on the conditions disclosed by the audit.

Reduced Power Usage on Department of Defense Aircraft. DoD could save about \$196 million annually in engine maintenance and fuel costs (1977 prices) if the reduced power concept was fully exploited in terms of the development and implementation of a DoD policy to promote wider use of reduced engine power in the operation of DoD aircraft. Engine power reductions practiced by commercial airlines during takeoff and climb in past years resulted in a substantial reduction in engine maintenance and fuel savings. The Navy and Air Force supported a reduced power policy but the Army disagreed with our recommendations.

DoD Fire Protection Services. The audit report contained 11 recommendations related to improving military fire protection policy and practices. Savings estimated at \$31 million could be realized without compromising safety if all Military Departments were to use fire protection practices which have been proven effective in one or more of the Services and at commercial airports. The estimated savings could be achieved through improved personnel management practices, elimination of unnecessary rescue equipment, and consolidation to eliminate unnecessary fire departments. The Deputy Assistant Secretary of Defense (Energy, Environment and Safety) advised the Defense Audit Service that his office would develop, on a priority basis, guidance for fire protection services. Moreover, the Deputy Assistant Secretary of Defense (Installations and Housing) was proceeding with planned consolidation of fire departments. Many of the recommendations in the report should be resolved after this policy guidance is issued.

POTENTIAL FINANCIAL BENEFITS NOT READILY MEASURABLE.

Many important recurring or nonrecurring benefits result from our work, but the resultant benefits cannot be fully or readily measured. A synopsis of selected reports in this category follows.

Reductions to Army and Air Force Veterinary Corps. We recommended that consideration be given to assigning veterinary responsibilities on an area basis and that some functions performed by veterinarians be transferred to technicians. We also recommended that military personnel stationed in the United States be required to have their pets treated by civilian veterinarians. This should result in a need for fewer veterinarians.

Centralization of Accounting and Disbursing Functions in the Washington, DC Metropolitan Area. The 12 Defense agencies and activities located in the Washington, DC metropolitan area used a variety of in-house and support arrangements to provide financial management and administrative fund control for about \$2.8 billion of FY 1978 appropriated funds. Annual operating costs for the 12 accounting systems were estimated at \$5.8 million, including

pay and benefits of about \$4.1 million for 219 in-house accounting personnel.

We recommended assessing the feasibility of establishing a central finance and accounting office to support those Defense agencies and activities where it would be most beneficial and cost-effective. Financial benefits could be realized through reductions in the number of personnel required to operate a centralized system. Centralization could also result in other benefits such as: reducing the number of accounting systems to be documented and approved, improving management reports, improving controls to preclude violations of Section 3679 of the Revised Statutes (31USC665), and eliminating problems encountered in support arrangements.

Accounting Procedures and Document Controls at the Security Assistance Accounting Center. We reviewed the collection policies and procedures, the use of holding accounts, and the control of documents affecting foreign military sales orders at the Security Assistance Accounting Center. Foreign countries paid only about one-half of the quarterly foreign military sales bills by the due date. Holding accounts were not specifically authorized in current accounting policy. Standard procedures had not been established to control supporting documents pertaining to about 16,600 active foreign military sales cases. Required documents were missing and responses to financial inquiries could be delayed. We made three recommendations. First, that follow-up action be initiated on unpaid bills at the earliest practical time after the billing due date. Second, that a determination be made as to whether holding accounts should be authorized or discontinued in the Foreign Military Sales Trust Fund and guidance be issued on the management and disposition of the accounts. Third, that internal operating procedures be developed for maintaining hard copy foreign military sales case records.

Fund Controls and Delivery Reporting for Foreign Military Sales. We reviewed the adequacy of controls for ensuring that all deliveries are accurately and promptly reported to the Security Assistance Accounting Center (SAAC). Significant quantities of materiel had been shipped for periods ranging from 2 to 22 months, but had not been reported to the SAAC. The primary cause of failure was that the automated requisition files and the systematic follow-up procedures were inadequately maintained. We recommended that automated requisition files be purged and follow-up procedures be instituted to determine the actual status of past-due deliveries.

Resource Management of Remote Terminals - National Security Agency. The purpose of the audit was to evaluate the management of \$15.6 million of Government-owned and \$3 million of leased remote terminals used in connection with automatic data processing systems installed at the National Security Agency (NSA). The audit showed that management of automatic data processing plans was fragmented. As a result, 2 resource management systems were being developed separately at a cost of \$6.3 million. NSA had not established a focal point to evaluate this potential overlap or duplication of these systems. Also, 200 terminals being leased by the Agency at an annual cost of \$460,000 could be eliminated through consolidation of user requirements. The operations and maintenance budgets for leased terminals for FY 1978 and FY 1979 were overstated by \$3.8 million because Agency budgets were not adjusted to conform to current planning actions. In addition, over \$850,000 of automatic data processing equipment was not recorded on property records or was missing.

DoD Requirements for Antiarmor Weapon Systems. Our survey showed that DoD did not determine optimum mix and quantities of antiarmor weapon systems. The Army and Air Force separately computed and structured, and DoD approved, antiarmor weapon systems' force requirements without fully considering each Service's contribution to the combined antiarmor mission. Expenditures of about \$30 billion, through program completion, were programmed to improve and procure new weapon systems such as the XM-1 tank, advanced attack helicopter, and A-10 close air support aircraft. The Office of the Assistant Secretary of Defense (Program Analysis and Evaluation) was generally aware of these shortcomings and was attempting to address these issues in a series of planned studies.

Defense Inactive Item Program (DIIP). We reviewed the DIIP to determine if Department of Defense components were eliminating unneeded items from inventories and active catalog files. Overall, we found the program ineffective because Defense components had either not implemented it or were applying it poorly; and top level management did not have an effective reporting system to detect the lack of results. Of 1.1 million items managed by the Service activities visited, we conservatively estimated that 75,000 items were not needed and could have been eliminated if the program had been properly applied. Proper implementation of the Defense Inactive Item Program would: eliminate large numbers of unneeded items from DoD logistics systems, eliminate related administrative and storage costs, and make the administrative effort associated with the program more productive, thus providing a payback.

Retention and Transfer of Materiel Assets. We reviewed the policies and practices used by DoD components for retaining materiel in the supply system. The established procedures were widely ignored and special disposal programs were undertaken to eliminate inactive inventories. Because requisitions were

received for many items after the items were sent to disposal, more stocks were bought to fill the new demands. Since the cost to hold the materiel was actually very low, we concluded that the DoD retention policy should be modified to permit retention of ready-for-issue materiel if a foreseeable need exists. We recommended that DoD policy be revised to require that assets be retained in the wholesale supply system based on the item's potential usefulness rather than its recent demand.

Defense Mapping Agency Aerospace Center - Supply Management. We identified deficiencies in inventory policies and practices within the Supply Division and production departments that required management attention. We identified approximately \$673,000 in excess stocks which accumulated because of relaxed inventory controls and requisitioning practices. We also identified \$456,000 of special level stocks for which future requirements were questionable.

We recommended that excess items which have been reclassified as "hold for attrition" be periodically reviewed for retention by potential users of the items. We also recommended that annual validations be performed by customers for all special levels and consideration be given to eliminating special levels on items which have not had demands in the past 18 months.

OTHER BENEFITS

Some actions taken in response to our recommendations resulted in benefits other than financial. These recommendations were aimed at improving the day-to-day operations within the Department of Defense. A synopsis of selected reports in this category follows.

Eligibility of Recipients of Benefits Under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). We could not verify the eligibility of about 18 percent of the CHAMPUS beneficiaries we selected for review. The Defense Investigative Service (DIS), at our request, made an investigation and determined that 46 percent of the beneficiaries they investigated should not have been paid under CHAMPUS. We recommended that DIS arrange to investigate random samples of CHAMPUS claims in the future to possibly deter abuse of CHAMPUS benefits.

Procurement Activities at American Forces Radio and Television Service - Los Angeles. Procedures for negotiating and administering American Forces Radio and Television Service - Los Angeles (AFRTS-LA) contracts for procurement of radio and television programming material needed improvement. The procurement contracting officer had not determined if \$4.2 million paid during FY 1978 for programming material was reasonable. Moreover, negotiation memorandums or other supporting documents to justify the basis for, and reasonableness of, this amount were not available. We also found that purchase orders for supplies and services costing less than \$10,000 were issued without securing competition and

determining that the prices were fair and reasonable. Blanket purchase agreements were outdated and were not adequately controlled. Printing services were being procured from commercial sources without Government Printing Office approval. Additionally, a significant number of formal purchase orders were issued for procurements that could have been procured using the more simplified and administratively economical imprest fund method.

We recommended that negotiation memorandums be prepared for programming material contracts. These memorandums should be the basis for determining fair and reasonable prices. We also recommended that purchase orders in excess of \$500 be supported by competitive quotations or statements as to the absence of determinations of competition and price reasonableness; and that purchases be screened initially to determine if the items are available from Government sources prior to authorizing local commercial procurement.

Administration of Progress Payments in Defense Construction Programs. The Defense Acquisition Regulation (DAR) provided basic guidance for the entire procurement process, including contract administration. Appendix E of the DAR provided for the various forms of contract financing, including progress payments. However, Appendix E did not provide specific guidance for administering progress payments on construction contracts. We found that policies and procedures were not uniform within and between the Military Departments for administering certain aspects of progress payments on construction contracts. Variances found involved the percent of progress payments retained, payments for material delivered to construction sites, and the method used to write off material inventories. As a result of these variances, the best interests of the Government may not have been adequately protected.

We recommended that paragraph 7-602.7(c) of the DAR, "Payments to Contractors," be modified by:

- deleting the first and second sentences, which inferred that the percentage retained on progress payments must be either 10 percent or zero;
- providing for retention of a percentage of progress payments to encourage completion of administrative requirements to enable timely closeout of construction contracts; and
- providing for additional percentage of retention on progress payments during any period in which the contracting officer judges the contractor's performance unsatisfactory.

Also, we recommended that additional guidance be issued which, as a minimum, should specifically cover consideration of materials delivered to construction sites, materials delivered to locations other than the sites, payments for offsite work in process by sub-contractors, and write offs of material inventories.

Improving Controls on Civilian Overtime. Congressional and Executive level interest created a need for increased assurance that civilian overtime payments be properly justified, approved, and paid. To provide this assurance, overtime should be requested in writing, be approved in advance, and approvals be retained to support payments, as well as to provide a basis for review of overtime usage.

We found that procedures and controls within the Office of the Secretary of Defense, Organization of the Joint Chiefs of Staff, Washington Headquarters Services, Defense Communications Agency, and selected Defense Logistics Agency activities needed strengthening to provide assurance that overtime payments were proper. Deficiencies found included: absence of adequate written justification, absence of prior approval, lack of management review, lack of consideration of alternatives, lack of controls to prevent approval of leave during the same day or pay period that overtime was approved, and failure to retain approval forms. Separate reports were issued to each activity reviewed with appropriate recommendations to correct the applicable deficiencies.

Administrative Control of Funds at the Defense Mapping Agency. As of September 30, 1977, about \$3.3 million of invalid and questionable obligations were recorded in Defense Mapping Agency records, and reported in certified financial reports submitted to the Office of the Secretary of Defense. A system of general ledger accounts was not being used to integrate the administrative control of funds system with the accounting system. Thus, financial and managerial control over \$237 million of appropriated funds was not effective. Also, because disbursements made by other activities were not recorded promptly, unliquidated obligations reported as of September 30, 1977, were overstated by about \$3 million.

We recommended: that financial personnel at the Topographic and Aerospace Centers, in conjunction with operating personnel, make comprehensive reviews of unliquidated obligations at least quarterly; that these operating Centers establish a full system of general ledger accounts to integrate the administrative control of funds system with the accounting system; and that all available transactions be recorded and reported promptly in the fiscal year in which the transactions occurred.

Administrative Control of Funds in the Defense Advanced Research Projects Agency. Financial management of Agency funds needed improvement. Deficiencies in financial control and reporting could result in violations of the Anti-Deficiency Act. Official

Agency accounting records maintained by Washington Headquarters Services were so inaccurate and incomplete that the unliquidated obligation balances could not be verified. Further, funds provided to the Agency were not always used in accordance with DoD fiscal guidance. The Agency used current year appropriations to fund contract cost increases that properly should have been charged against the same appropriation cited in the original contract.

Administrative Control of Funds at Field Command, Defense Nuclear Agency. Field Command procedures governing the use of funds, fund availability, and obligational authority needed improvement to preclude violations of the Anti-Deficiency Act. As of July 1978, invalid and questionable unliquidated obligations of about \$2.3 million were undetected and not available for other use. The activity improperly used \$281,602 of procurement funds and \$19,286 of operations and maintenance funds on a construction project having a total cost of \$457,679.

Defense Mapping Agency Overtime Controls. Immediate management attention was needed to improve internal controls and to clarify the circumstances for using overtime. Inadequate procedures and controls contributed to potential overtime abuse and possible fraudulent claims for overtime pay. About \$200,000 in overtime costs could have been avoided if other alternatives were taken to accomplish routine and nonemergency work.

Civilian Payroll and Travel Operations, Defense Contract Administration Services Region (DCASR), Philadelphia, Pennsylvania. Our audit showed that improvements were needed in the internal controls over payroll processing and related functions. Document processing procedures, primarily involving deductions, and distribution controls for checks and bonds should be improved. DCASR procedures for temporary duty and local travel need strengthening, especially those pertaining to approving travel and using Government and privately-owned vehicles.

Administrative Control of Funds, Defense Personnel Support Center. The Defense Personnel Support Center is the DoD integrated manager of subsistence, medical materiel, and clothing and textiles. Annual funding authorizations exceeded \$2.2 billion. We reported that the Center had not established comprehensive accounting and fund administration procedures; and that internal controls were inadequate to prevent or disclose erroneous or fraudulent payments. Accounting records were unreliable; required reconciliations were not performed; significant backlogs of unprocessed transactions existed; and unsupported or improper adjustments were made to the accounting records. Validation of unliquidated obligations had not been accomplished for several years, and differences between the obligations reported to DoD and the balance in the supporting subsidiary records totaled almost \$400 million.

The Defense Personnel Support Center and the Defense Logistics Agency agreed with the findings. With the assistance of other field activities, document files were researched and accounting records reconstructed. Task forces were established to develop comprehensive procedures and institute controls over financial transactions.

Improved Management of Automatic Data Processing Resources. A review of the management of Automatic Data Processing (ADP) resources at the Defense Logistics Agency Systems Automation Center in Columbus, Ohio, disclosed that the expenditure of \$2 million, to acquire a faster more sophisticated computer for the Center was not adequately justified. We concluded that the computer performance evaluation techniques employed did not justify the planned procurement or substantiate that existing resources could not accommodate the Center's projected processing workload. Also, we reported that the Center could increase prime shift use of existing computer resources by at least 40 percent by performing preventive maintenance on nights or weekends, processing nondevelopment programs during periods of low usage, increasing the use of certain minimally-used computer resources and adhering to mission-oriented job processing priorities.

Administrative Budgets for the Ogden Air Logistics Center (ALC) and the Aeronautical Systems Division (ASD). Our review was made to evaluate the validity of the budget estimates for foreign military sales administrative expenses. The FY 1978 foreign military sales (FMS) administrative budgets were overstated by about \$4.1 million due to use of improper acceleration rates and errors in determining manpower authorizations. Personnel requirements shown in the FY 1978 budget were based on projections resulting from a 1976 manpower engineering study. We also noted that the Ogden ALC included in its administrative budget computations those personnel who worked less than 10 percent on FMS, whereas the manpower study at the ASD excluded this group. The Arms Export Control Act requires that the cost of functions conducted primarily for the benefit of any foreign country and not recouped as direct case charges will be recouped as an administrative expense.

We recommended that the criteria in DoD Instruction 2140.1 be revised for personnel to be charged to the foreign military sales administrative budget as follows:

The personnel portion of actual or estimated actual administrative expenses will be costed on the basis of direct work applied.

We also recommended that in the future the Manpower Engineering Teams at Ogden and other Air Logistics Centers perform Security Assistance Program manpower studies before developing foreign military sales administrative budgets.

Administrative Budgets for the Naval Air System Command (NAVAIR) and the Naval Sea Systems Command (NAVSEA). The purpose of the review was to determine whether the Navy was properly recouping foreign military sales administrative costs through the administrative budget process. We observed 2 areas that deserved management attention: the use of contractual services; and the funding of administrative costs incurred at field activities. The use of contractor personnel to augment in-house capabilities to administer the foreign military sales program was of questionable propriety. We believe NAVAIR and NAVSEA used personal services contracts, totaling \$389,000 in FMS administrative funds, to accomplish duties that should have been performed by Government employees. Adequate support was not available for about \$3.7 million of the FY 1978 budget. The lack of support hampered budget execution review.

We recommended: that a special management review be initiated to identify and correct questionable procurement practices; that a review be made of the use of personnel involved in administering the foreign military sales program to ensure that maximum use is made of in-house capabilities; and that future budgets be thoroughly reviewed for mathematical accuracy, adequacy of supporting documentation, and completeness of remarks and narrative.

Management and Use of Sonobuoys. At the request of the Commander in Chief, Atlantic Command we made a review of Navy sonobuoy management to determine whether procedures established for the allocation and distribution of sonobuoys were equitable and permitted flexibility in their use to meet operational, training, and war reserve requirements. The review showed that shortages of sonobuoys anticipated by the Atlantic Fleet could be immediately offset by transfer of unneeded sonobuoy authorizations from the Pacific Fleet. Similarly, the Pacific Fleet, which was expecting a shortage of a different type of sonobuoy, could alleviate its shortage by a transfer of unneeded authorizations from the Atlantic Fleet. Although the immediate problem was corrected, it was evident that Navy sonobuoy management was fragmented and lacked effective coordination among the various managers concerned with procurement, reliability analysis, reporting, requirements, inventory management, and war reserves at Naval Headquarters and the Fleet-user level.

Worldwide Military Command and Control System (WWMCCS) Automatic Data Processing - Mission Support in Europe. As currently configured and managed, WWMCCS automatic data processing provided only limited support to command and control in Europe. This

condition resulted from a lack of policy establishing the parameters within which the system should be used for mission support. Consequently, there was no assurance that the benefits obtained from the system were commensurate with its approximate annual cost of \$13.2 million. We recommended that either the system be used for its intended purpose or funding support be reduced.

National Security Agency (NSA) Remote Terminals Automatic Data Processing (ADP) Security. This audit was made to review the effectiveness of the management of the Agency's ADP security program as it related to remote terminals. Our audit disclosed that due to fragmented management, NSA did not have visibility over existing security problems. The Agency's ADP systems had not been formally approved for processing classified data. Certain personnel with access to sensitive compartmented intelligence data on some systems did not have the necessary security clearances. In addition, remote terminals were not always provided a satisfactory degree of protection against compromising emanations.

Armed Forces Radiobiology Research Institute. We found that the Institute's inventory and accounting policies and procedures pertaining to controlled substances were ineffective. Controls required by regulations had not been established. Frequent security and safety violations were being committed because security and safety procedures were not being enforced by the Institute's officials. The Institute had not been enforcing its policy and procedures for safeguarding laboratory notebooks of scientific research data. We found that 74 of 150 notebooks of former Institute personnel were missing.

We recommended that the accounting, controlling, and dispensing of controlled substances be centralized in accordance with Chapter 21 of the U.S. Navy Manual for the Medical Department. We also advised that researchers using controlled substances in conjunction with research projects be required to account for their laboratory notebooks or some other record for amounts of controlled substances used.

Communications System Control Element for Joint Tactical Communications Systems. Our review showed that the present approach to development of the Communications System Control Element (CSCE) could result in an expenditure of about \$27 million for a system that would lack required hardware processing capabilities. We recommended that development of the CSCE be deferred until a computer system is selected with adequate capacity to meet future operational requirements.

Management of DoD Communications Satellite Programs. There were 8 separate satellite communications programs for which future costs were expected to approach \$1 billion annually. We found that management of these programs was too fragmented to ensure the effective and efficient use of program resources. There was no focal point that possessed the combination of authority and

capability needed to define and enforce policy or to provide cohesiveness to program management. In this environment, the Military Departments tended to overemphasize parochial interests relative to their support of joint programs. We recommended a series of actions that should provide for more centralized program management and more stringent controls over the use of program resources.

Apparent Violation of Section 3679, Revised Statutes, by U.S. Army Claims Service of the FY 1979 Defense Claims Appropriation. U.S. Army Claims Service appears to have violated Section 3679 of the Revised Statutes by overallocating its first quarter FY 1979 apportionment by \$18.6 million. The Claims Service received a total FY 1979 apportionment of \$53.6 million with a first quarter constraint of \$17.1 million. The Claims Service allocated \$36.3 million to its field operating activities. Authorizations were distributed to 175 field operating activities. The activities were advised that the amounts provided represented about 75 percent of their total FY 1979 Defense Claims allocations but quarterly constraints were not specified.

Multiple Membership in Active Reserve. As part of our review of Active Reserve Pay and Membership, we had the records of the Reserve components matched to determine whether there were any members reported in more than one organization. As of September 30, 1978, there were 8,043 reservists who were reported by the Reserve Components Common Personnel Data System as being members of more than one Reserve component (a .6 percent error rate). We determined that these reservists were not actually members of different Reserve components simultaneously. Instead, the records of multiple membership were caused by the gaining components not promptly notifying the losing components that the reservists had been accepted for enlistment. Even after notification, the losing components did not always delete the reservists from their rolls. The average length of reported multiple membership was about 13 months.

Retired Reserve Data Base - Reserve Components Common Personnel Data System. We evaluated the accuracy and utility of the Retired Reserve data base of the Reserve Components Common Personnel Data System. Our audit showed that the retired Reserve personnel data records were inaccurate. Personnel data records were not maintained for about 397,000 members who were retired from active duty but had Service commitments. Also, records were not maintained for enlisted retirees of the Army National Guard who elected to receive discharges rather than be assigned to the Retired Reserve. About 12 percent of retired reservists were incorrectly classified. About 34 percent of the addresses of Retired Reserve personnel were invalid. We concluded that efforts to improve the accuracy of the personnel data records should be concentrated on the members with reasonable mobilization potential. We advised the Services to include information on all bona fide Retired

Reserve members in their input to the Reserve Components Common Personnel Data System. We also recommended that the Services not include data on honorary Retired Reserve members who cannot be mobilized under Section 672(a), Title 10 of the United States Code.

Department of Defense Energy Conservation Investment Program. During the hearings on the FY 1979 Military Construction Appropriation, the House Committee on Armed Services directed the Department of Defense to determine whether the claimed savings of energy and dollars from the Energy Conservation Investment Program were being realized. At the request of the Deputy Assistant Secretary of Defense (Installations and Housing), we made an audit to answer this question.

As a result of our examination the Deputy Assistant Secretary of Defense (Installations and Housing) advised us that his office would:

- establish administrative limitations to restrict the use of funds to energy conservation projects,
- direct Military Departments to monitor projects more closely, and
- establish a reporting procedure for the Energy Conservation Investment Program.

Real Property Construction, Maintenance and Repair Work, Defense Construction Supply Center (DCSC). We made an audit to evaluate policies, procedures, and controls over the construction, maintenance, and repair of buildings and grounds at DCSC. Procedures at the DCSC for processing real property construction, maintenance, and repair projects lacked adequate internal controls; and the project approval process was only perfunctory. As a result, the program was susceptible to fraud; and projects that should not have been performed were approved. The need for \$3 million of the \$6.5 million in projects we examined was highly questionable.

We recommended that procedures for processing real property construction, maintenance, and repair projects be strengthened by requiring written justification and cost benefit analyses for all projects expected to cost over \$1,000 and ensuring that the installation planning board's approval of projects over \$10,000 is based on a review of the merits and cost effectiveness of the work proposed.

Individual Training Resource Reporting Systems. The objectives of the review were to evaluate the consistency among the Services with respect to restructured Program 8-T data and to ascertain the accuracy of the data reported. Our review showed that inconsistent methods were used by the Services for transferring cost data from the FY 1979 Five Year Defense Plan (FYDP) to the FY 1979

Military Manpower and Training Report (MMTR). As a result, for the 2 appropriations we reviewed, there was a net difference of about \$670 million between the individual training costs reported in the FYDP and the MMTR. The methods used also portrayed aggregate individual training cost data for the MMTR, which were not consistent or compatible among the Services.

We recommended that more refined and detailed instructions for preparing the Military Manpower Training Report be issued; and that the Services be required to prepare a summary reconciliation statement by program element of resource data presented in the Military Manpower Training Report and the Five Year Defense Plan. This reconciliation should fully explain differences between the data contained in the 2 reports.

U.S. Atlantic Command Management Policies and Plans for Wartime Resupply Operations. Our review showed that certain resupply and contingency plans did not provide appropriate logistical support for military operations in the Atlantic. Also, a large percentage of supplies scheduled to be transported by air could be transported by ship or prepositioned in strategic locations.

NUMBER OF AUDIT REPORTS ISSUED
DURING FISCAL YEAR 1979

<u>Program</u>	<u>Number</u>
Forces Management	2
Health and Public Affairs	14
Financial Management	28
Information Technology	3
Security Assistance	16
Communications	10
Cryptologic Intelligence	3
General Intelligence	1
Intelligence Related Activities	3
Mapping and Nuclear	2
Manpower Requirements and Utilization	1
Systems Acquisition	2
Research and Development	2
Systems Reliability, Test and Evaluation	2
Procurement and Program Execution	1
Administration and Entitlements	6
Materiel Management	8
Transportation	9
Facilities and Support Services	9
Defense Logistics Agency Supply Centers and Depots	6
Recruiting and Training	3
Defense Contract Administration Services and Disposal Activities	8
Maintenance	2
Energy, Environment and Safety	1
Theater-Wide and Special Audits in Europe	1
Theater-Wide and Special Audits in the Pacific	<u>2</u>
Total	<u><u>145</u></u>

SUMMARY OF INTERNAL AUDIT REPORTS BY TYPE OF AUDIT SERVICE		Name of Agency Defense Audit Service Fiscal Year 1979	
SECTION I			
CLASSIFICATION OF AUDIT REPORTS	Number Reports Issued	Direct Man- Years	Number Distrib. OSD
<u>Installation or Activity (Initiated)</u>			
Regular	22	18.2	
<u>Total</u>	22	18.2	
<u>Coordinated Audits (Initiated)</u>			
Regular	56	101.1	
<u>Total</u>	56	101.1	
<u>Requested Audits</u>			
	67	89.6	
<u>Total</u>	67	89.6	
<u>Requested by OSD and Others</u>			
<u>Total</u>			
<u>Consultant Services</u>			
<u>Total</u>			
<u>Total Reports Issued</u>	145	208.9	

AUDIT REPORTS ISSUED DURING FISCAL YEAR 1979

Forces Management

Armed Forces Capabilities to Evacuate and Care for Combat Casualties in the European Theater. 79-016, November 29, 1978 (coordinated audit).

Air Defense Activities in Europe. 79-078, April 30, 1979 (coordinated audit).

Health and Public Affairs

Procedures Used to Determine Eligibility of Users of the Uniformed Services Medical Facilities. 79-002, October 11, 1978 (requested audit).

Eligibility of Recipients of Benefits Under the Civilian Health and Medical Program of the Uniformed Services. 79-014, November 17, 1978 (coordinated audit).

Management Practices for Selecting and Monitoring Contractors Under the Civilian Health and Medical Program of the Uniformed Services. 79-027, December 21, 1978 (coordinated audit).

Evaluation of the Military Sealift Command In-House Cost Estimates to Operate T-5 Class Tankers in Response to RFP No. N00033-79-R-3001. 79-033, December 28, 1978 (requested audit).

Department of Defense Veterinary Program. 79-034, December 29, 1978 (requested audit).

Evaluation of the Military Sealift Command In-House Cost Estimates to Operate Columbia Class Tankers in Response to RFP No. N00033-79-R-3002. 79-038, January 12, 1979 (requested audit).

Department of Defense Dependents Schools Dormitory Operations and Tuition School Programs in the European Region. 79-045, January 25, 1979 (requested audit).

Selected Aspects of Workload Management at Military Hospitals. 79-060, March 9, 1979 (requested audit).

Management of Appropriated Funds by the Office of Civilian Health and Medical Program of the Uniformed Services. 79-074, April 4, 1979 (coordinated audit).

Payments Made to VisionQuest, Inc. Under the Civilian Health and Medical Program of the Uniformed Services. 79-088, May 16, 1979 (coordinated audit).

Procurement Activities at American Forces Radio and Television Services, Los Angeles. 79-089, May 21, 1979 (requested audit).

Defense Motion Picture Production, Depository, and Distribution Activities. 79-100, June 1, 1979 (coordinated audit).

DoD CONUS Medical Evacuation Infrastructure. 79-125, August 13, 1979 (coordinated audit).

Cost of Busing Department of Defense Dependents Schools Students in the European Region. 79-126, August 17, 1979 (coordinated audit).

Financial Management

Administrative Control of Funds at Headquarters, Defense Nuclear Agency. 79-012, November 9, 1978 (requested audit).

Travel Payments at Defense Contract Administration Services Regions, St. Louis, Chicago and Cleveland. 79-020, December 6, 1978 (coordinated audit)

Administrative Control of Funds at the Defense Communications Agency. 79-021, December 8, 1978 (requested audit).

Administrative Control of Funds at the Defense Mapping Agency. 79-028, December 26, 1978 (coordinated audit).

Administrative Control of Funds at the Defense Depot, Tracy, California. 79-029, December 27, 1978 (requested audit).

Administrative Control of Funds, Defense Personnel Support Center, Philadelphia, Pennsylvania. 79-041, January 18, 1979 (requested audit).

Chairman's Dining Room Fund. 79-042, January 18, 1979 (requested audit).

Administrative Control of Funds in the Defense Advanced Research Projects Agency. 79-046, February 6, 1979 (requested audit).

Administrative Control of Funds at the Administrative Support Center, Defense Logistics Agency. 79-065, March 22, 1979 (requested audit).

Civilian Payroll and Travel Operations, Defense Contract Administration Services Region, Philadelphia, Pennsylvania. 79-066, March 23, 1979 (requested audit).

Progress Payments in Defense Construction Programs. 79-068, March 26, 1979 (requested audit).

Payments to Contractors by the Defense Contract Administration Services Region, Atlanta. 79-079, April 30, 1979 (requested audit).

Office of the Secretary of Defense and Defense Agency Accounting Systems. 79-083, May 7, 1979 (coordinated audit).

Administrative Control of Funds, Defense Contract Administration Services Region, Atlanta, Marietta, Georgia. 79-094, May 29, 1979 (coordinated audit).

Civilian Overtime at the Defense Communications Agency. 79-098, May 31, 1979 (installation audit).

Civilian Overtime at the Defense Contract Administration Services Region, Dallas. 79-102, June 11, 1979 (installation audit).

Administrative Control of Funds at Field Command, Defense Nuclear Agency. 79-103, June 18, 1979 (installation audit).

Survey of Policies and Procedures for Paying Progress Payments for New Ship Construction. 79-109, July 2, 1979 (requested audit).

Civilian Overtime at the Defense Depot Memphis, Tennessee. 79-114, July 16, 1979 (installation audit).

Civilian Overtime at the Defense Contract Audit Agency, Los Angeles Region. 79-115, July 19, 1979 (installation audit).

Civilian Overtime at the Defense Contract Administration Services Region, Los Angeles. 79-120, July 27, 1979 (installation audit).

Civilian Overtime at the Defense Construction Supply Center, Columbus, Ohio. 79-121, July 30, 1979 (installation audit).

Civilian Overtime at the Defense Depot, Mechanicsburg, Pennsylvania. 79-123, August 2, 1979 (installation audit).

Defense Mapping Agency Overtime Controls. 79-135, September 6, 1979 (requested audit).

Civilian Overtime at the Organization of the Joint Chiefs of Staff. 79-136, September 6, 1979 (installation audit).

Civilian Overtime within the Office of the Secretary of Defense. 79-137, September 7, 1979 (installation audit).

Budget Execution for the FY 1978 Military Pay Appropriations. 79-138, September 13, 1979 (requested audit).

Civilian Overtime at the Washington Headquarters Services. 79-139, September 13, 1979 (installation audit).

Information Technology

Management of ADP Resources at the Defense Logistics Agency Systems Automation Center. 79-004, October 12, 1978 (coordinated audit).

Management of DoD Investment in Contractor Leased Automatic Data Processing Equipment. 79-040, January 17, 1979 (coordinated audit).

Management of ADP Systems within DoD Activities. 79-062, March 19, 1979 (coordinated audit).

Security Assistance

Foreign Military Sales Case DN-IR-SAX. 79-007, October 25, 1978 (requested audit).

Foreign Military Sales Ceiling Management. 79-011, November 6, 1978 (requested audit).

U.S. Recommendations to European Participating Governments on F-16 Initial Spares Funding. 79-013, November 13, 1978 (coordinated audit).

Interservice Audit of Government-Furnished Materiel Applied to Foreign Military Sales Items. 79-035, January 8, 1979 (coordinated audit).

Foreign Military Sales Administrative Budgets for the Ogden Air Logistics Center and the Aeronautical Systems Division. 79-036, January 9, 1979 (requested audit).

DoD Informational Program for Foreign Military Trainees. 79-047, February 6, 1979 (requested audit).

Collection of Administrative Fees by the Security Assistance Accounting Center. 79-049, February 13, 1979 (requested audit).

Management of the Assistance-in-Kind (AIK) Fund Provided by the Government of Iran (GOI), Report No. 740, 14 March 1977. 79-050, February 13, 1979 (requested audit).

Accounting Procedures and Document Controls at the Security Assistance Accounting Center. 79-053, February 28, 1979 (requested audit).

DoD Management Information Systems for Foreign Military Training. 79-063, March 22, 1979 (requested audit).

Foreign Military Sales Administrative Budget for the Defense Logistics Agency. 79-064, March 22, 1979 (requested audit).

Fund Controls and Delivery Reporting for Foreign Military Sales. 79-095, May 29, 1979 (requested audit).

Foreign Military Sales Administrative Budgets for the Naval Air Systems Command and the Naval Sea Systems Command. 79-106, June 29, 1979 (requested audit).

Defense Security Assistance Agency Military Assistance Program (MAP) Accounting System. 79-107, June 29, 1979 (coordinated audit).

Pricing of Dedicated Training Programs for Foreign Students. 79-112, July 12, 1979 (coordinated audit).

Contract Administration of Major Contracts in Iran. 79-116, July 20, 1979 (requested audit).

Communications

Communications Services Industrial Fund. 79-008, October 25, 1978 (requested audit).

Administrative Telephone Services in the Norfolk, Virginia Area. 79-022, December 13, 1978 (coordinated audit).

Worldwide Military Command and Control System Automatic Data Processing Program - Program Management. 79-031, December 29, 1978 (requested audit).

Defense Commercial Communications Office Disbursement Procedures. 79-037, January 11, 1979 (installation audit).

Communications Services Industrial Fund Billing Adjustments. 79-058, March 12, 1979 (requested audit).

Worldwide Military Command and Control System Automatic Data Processing Program - Mission Support in Europe. 79-061, March 15, 1979 (requested audit).

Automated Message Handling Systems - Telecommunications Oriented. 79-067, March 26, 1979 (requested audit).

Troposcatter Radios Used with the Army's Pershing Missile System. 79-096, May 30, 1979 (coordinated audit).

Communications System Control Element for Joint Tactical Communications Systems. 79-143, September 18, 1979 (coordinated audit).

Management of DoD Communications Satellite Programs. 79-144, September 18, 1979 (coordinated audit).

Cryptologic Intelligence

Resource Management of Remote Terminals, National Security Agency. 79-018, December 4, 1978 (requested audit).

National Security Agency Remote Terminals Automatic Data Processing Security. 79-075, April 12, 1979 (requested audit).

Department of Defense Voice Security Programs. 79-105, June 29, 1979 (requested audit).

General Intelligence

DoD Scientific and Technical Intelligence Production Program. 79-010, November 3, 1978 (requested audit).

Defense Attache System, Defense Intelligence Agency. 79-015, November 27, 1978 (requested audit).

Intelligence Related Activities

Management and Use of Sonobuoys. 79-005, October 13, 1978 (requested audit).

Interim Report on the Review of Defense Intelligence School Facilities. 79-072, March 30, 1979 (installation audit).

Mapping and Nuclear

Adequacy of Inventory and Accounting Controls over Conventional Explosives. 79-069, March 28, 1979 (requested audit).

Armed Forces Radiobiology Research Institute. 79-118, July 27, 1979 (installation audit).

Manpower Requirements and Utilization

Administration of Active Military Manpower - Individuals Account. 79-017, December 1, 1978 (coordinated audit).

Systems Acquisition

Tactical Fighter Aircraft Requirements. 79-003, October 11, 1978 (requested audit).

Survey Report on DoD Requirements for Antiarmor Weapon Systems. 79-044, January 23, 1979 (coordinated audit).

Research and Development

Interim Report on the Review of Procedures for Management of Research and Development in Support of Tactical Operation Capability. 79-024, December 15, 1978 (coordinated audit).

Interim Report on the Review of the Management of Research and Development in Support of Tactical Operational Capability. 79-043, January 18, 1979 (requested audit).

Systems Reliability, Test and Evaluation

Penguin Missile System. 79-023, December 13, 1978 (requested audit).

ROLAND Missile System. 79-077, April 26, 1979 (requested audit).

Procurement and Program Execution

DoD Other Procurement Program Execution. 79-128, August 22, 1979 (coordinated audit).

Administration and Entitlements

Apparent Violation of Section 3679, Revised Statutes by U.S. Army Claims Service of the FY 1979 Defense Claims Appropriation. 79-026, December 18, 1978 (coordinated audit).

Retired Military Pay, the Department of Defense and the Veterans Administration. 79-093, May 24, 1979 (coordinated audit).

Retired Reserve Data Base - Reserve Components Common Personnel Data System. 79-101, June 1, 1979 (requested audit).

Multiple Membership in Active Reserves. 79-110, July 5, 1979 (coordinated audit).

DoD's Administration of the Survivor Benefit Plan. 79-119, August 1, 1979 (coordinated audit).

Retired Military Pay Entitlements. 79-124, August 13, 1979 (coordinated audit).

Materiel Management

Defense Inactive Item Program in the Department of Defense. 79-001, October 10, 1978 (requested audit).

Supply Management at the Defense Mapping Agency Aerospace Center. 79-032, December 29, 1978 (coordinated audit).

Cash Management Procedures Pertaining to the Acquisition of Fuel by the Defense Logistics Agency. 79-039, January 15, 1979 (installation audit).

Cost Estimates for the Commercial Item Support Program. 79-055, March 5, 1979 (requested audit).

Retention and Transfer of Materiel Assets. 79-080, May 4, 1979 (coordinated audit).

U.S. Atlantic Command Management Policies and Plans for War-time Resupply Operations. 79-084, May 9, 1979 (coordinated audit).

Contractor Inventory Redistribution System. 79-132, August 28, 1979 (coordinated audit).

Bulk Fuel War Reserves. 79-140, September 14, 1979 (installation audit).

Transportation

Surcharge for Transportation Costs of Subsistence Shipments to Alaska and Hawaii Commissaries. 79-006, October 23, 1978 (requested audit).

Military Airlift Command Air Passenger Terminals. 79-025, December 18, 1978 (requested audit).

International Air Passenger Traffic. 79-052, February 20, 1979 (requested audit).

Transportation of Personal Articles on U.S. Navy Ships. 79-057, March 12, 1979 (coordinated audit).

Selected Elements of the Proposed Standard Transportation Billing Format. 79-099, May 31, 1979 (requested audit).

Costs Associated with the Use of Government Bills of Lading and Commercial Bills of Lading. 79-108, June 29, 1979 (requested audit).

Worldwide Aeromedical Evacuation System. 79-111, July 11, 1979 (requested audit).

Distribution of Freight to Highway Carriers by the Defense Depot, Tracy, California. 79-122, August 3, 1979 (requested audit).

Follow-up Review of the Interservice Audit of Tactical/Command Support Aircraft. 79-133, August 31, 1979 (coordinated audit).

Facilities and Support Services

DoD Printing and Duplicating Operations. 79-048, February 7, 1979 (coordinated audit).

Department of Defense Energy Conservation Investment Program. 79-054, February 28, 1979 (requested audit).

Utilization and Construction of Reserve Forces Facilities. 79-059, March 13, 1979 (requested audit).

Leased Motor Vehicles. 79-070, March 27, 1979 (coordinated audit).

DoD Auxiliary Airfields. 79-076, April 18, 1979 (coordinated audit).

War Reserves of Construction and Related Civil Engineering Equipment Stored in the Continental United States. 79-127, August 20, 1979 (coordinated audit).

Replacement of ESCAPAC Ejection Seats in the Navy and Air Force. 79-130, August 27, 1979 (coordinated audit).

Real Property Construction, Maintenance, and Repair Work, Defense Construction Supply Center. 79-134, September 4, 1979 (coordinated audit).

Navy Plans for a Gas Turbine Propulsion System Training Facility. 79-141, September 17, 1979 (installation audit).

Defense Logistics Agency Supply Centers and Depots

Special Program Requirements for Secondary Items in the Department of Defense. 79-073, April 3, 1979 (coordinated audit).

DoD Medical Materiel Support Program. 79-081, May 7, 1979 (coordinated audit).

Requisitions for Nonstandard and Nonstocked Items, Defense Electronics Supply Center, Dayton, Ohio. 79-082, May 7, 1979 (installation audit).

Selected Aspects of Inventory Management at the Defense General Supply Center. 79-097, May 31, 1979 (installation audit).

Quantity Discounts on Stock Replenishment Transactions,
Defense Construction Supply Center. 79-104, June 20, 1979
(installation audit).

Defense General Supply Center Depot Storage Operations.
79-113, July 13, 1979 (installation audit).

Recruiting and Training

Use of Contractors for Specialized Skill Training. 79-030,
December 28, 1978 (coordinated audit).

FY 1979 Individual Training Resource Reporting Systems.
79-071, March 30, 1979 (requested audit).

Qualifications of Graduates from Specialized Skill Training.
79-092, May 23, 1979 (coordinated audit).

Defense Contract Administration Services and Disposal Activities

Defense Property Disposal Office, Fairbanks, Alaska. 79-009,
November 2, 1978 (requested audit).

Manufacturers' Warranties. 79-051, February 16, 1979
(coordinated audit).

Quality Assurance Activities in DoD Contract Administration
Organizations. 79-085, May 9, 1979 (coordinated audit).

Plant Clearance Activities. 79-090, May 21, 1979 (coordi-
nated audit).

Government-Owned Special Test Equipment Retained by Defense
Contractors. 79-091, May 22, 1979 (requested audit).

Ration Assembly Contracts, Southern Paper Products, Incorpo-
rated, Memphis, Tennessee. 79-129, August 23, 1979
(requested audit).

DoD Donation Program. 79-145, September 17, 1979 (requested
audit).

Local Procurement, Defense Mapping Agency Aerospace Center.
79-146, September 25, 1979 (requested audit).

Maintenance

Reduced Power Usage on Department of Defense Aircraft.
79-086, May 10, 1979 (coordinated audit).

Defense Mapping Agency Equipment Maintenance Program.
79-087, May 14, 1979 (installation audit).

Energy, Environment and Safety

DoD Fire Protection Services. 79-019, December 5, 1978
(coordinated audit).

Theater-Wide and Special Audits in Europe

Defense Commercial Communications Office, Europe. 79-056,
March 5, 1979 (installation audit).

Theater-Wide and Special Audits in the Pacific

Second Summary Report on the Interservice Review of U.S.
Force Reductions in Korea. 79-117, July 25, 1979 (coordi-
nated audit).

Pacific Stars and Stripes. 79-131, August 27, 1979
(requested audit).

PERSONNEL AND OPERATING EXPENSE SUMMARY				Name of Agency Defense Audit Service Fiscal Year 1979		
Section I	Permanent Personnel Data by Grade as of End of Period 9/30/79					
	Field Personnel			Headquarters Office		Grand Total
	Auditors incl 1st line Superv	Superv and Tech Staff	Admin and Support	S&TS	A&S	
<u>CIVILIAN</u>						
GS-18						
GS-17						
GS-16				5		5
GS-15		24		4		28
GS-14	42			8		50
GS-13	72			3		75
GS-12	88			2		90
GS-11	41					41
GS-10						
GS- 9	35					35
GS- 8					2	2
GS- 7			18		3	21
GS- 6			8		4	12
GS- 5			2		3	5
GS- 4 and under					5	5
Other (Non GS)						
TOTAL	278	24	28	22	17	369
<u>MILITARY</u>						
O8						
O7						
O6						
O5						
O4						
O3						
O2						
O1						
<u>WARRANT</u>						
<u>ENLISTED:</u>						
E9						
E8						
E7						
E6 and under						
TOTAL						
GRAND TOTAL	278	24	28	22	17	369

PERSONNEL AND OPERATING EXPENSE SUMMARY		Name of Agency Defense Audit Service Fiscal Year 1979					
Section II	Military		Civilian		Total Personnel		Grand Total
	Audit and Tech	Admin and Support	Audit and Tech	Admin and Support	Audit and Tech	Admin and Support	
ASSIGNED PERSONNEL							
Assigned Begin FY			329	40	329	40	369
Additions During FY			47	11	47	11	58
Separations During FY			37	21	37	21	58
Assigned End FY			339	30	339	30	369
PERSONNEL AUTHORIZED							
Authorized End FY							369
Authorized End Next FY							394

NO. OF OFFICES, END FY

Regional (Area, District)	7
Branch (Audit Office)	4
Residencies (Continuous)	2

	OPERATING EXPENSES FY 1979
Cost of Civilians (Actual)	\$11,048,000.00
Cost of Military Personnel (Calculated per DODI 7220.25)	_____
Travel	1,868,000.00
Other	929,000.00
Total Operating Expenses	\$13,845,000.00
Less Reimbursements Earned	160,000.00
Net Operating Expenses	\$13,685,000.00

APPLICATION OF TOTAL TIME				Name of Agency Defense Audit Service Fiscal Year 1979		
PERSONNEL TIME	MAN-YEARS					
	FIELD			Head- quarters Office	Total	%
	Auditors and 1st Line Superv	Superv and Tech Staff	Admin * and Support			
INDIRECT AND ADMINISTRATIVE TIME						
Orientation and Training	5.4	.5	.3	.5	6.7	2.0
Leave and Holidays	52.1	5.2	2.6	5.2	65.1	17.0
PCS and Travel						
Adm. and Support			18.0	17.9	35.9	9.0
Supervision and Tech Staff		23.5			23.5	6.0
Other (Military Duties, etc.)						
TOTAL	57.5	29.2	20.9	23.6	131.2	34.0
DIRECT TIME	229.3	22.7			252.0	66.0
GRAND TOTAL	286.8	51.9	20.9	23.6	383.2	100%

* Administrative and support functions are performed by DLA Administrative Support Center under an Interservice Support Agreement.

SUMMARY OF DIRECT INTERNAL AUDIT TIME BY MAJOR FUNCTION AND TYPE OF AUDIT	Name of Agency Defense Audit Service Fiscal Year 1979						
	Direct Man-Years by Type of Audit					Total Direct Man-years	Percent
	Init. by Audit Org.	Requested Audits		Consult- ant Services			
Instal- lation or Activity	Coordi- nated Audits	Within Component	OSD and Others				
SUPPLY MANAGEMENT	8.7	11.7		13.8		34.2	13.6
COMPTROLLER SERVICES	3.0	8.0		2.7		13.7	5.4
MANAGEMENT OF MAINTENANCE AND REPAIR	.8	4.3		5.7		10.8	4.3
MANAGEMENT OF REAL AND INSTALLED PROPERTY		11.1		.6		11.7	4.6
PROCUREMENT AND CONTRACT ADMINISTRATION	1.2	25.8		11.1		38.1	15.1
PERSONNEL MANAGEMENT AND PAYROLLS	3.1	25.9		10.5		39.5	15.7
NONAPPROPRIATED FUND ACTIVITIES	.4			1.7		2.1	.9
SUPPORT SERVICES	.4	9.3		6.1		15.8	6.4
MANUFACTURING							
RESEARCH AND DEVELOPMENT	2.5	11.7				14.2	5.6
AUTOMATIC DATA PROCESSING SYSTEMS	4.0	5.8		1.3		11.1	4.4
MILITARY ASSISTANCE PROGRAM		1.7		14.5		16.2	6.4
COMMUNICATIONS		10.4		1.8		12.2	4.8
TRANSPORTATION	.8	2.1		9.5		12.4	4.9
INTELLIGENCE AND SECURITY		13.9		3.6		17.5	6.9
OTHER DIRECT TIME		2.5				2.5	1.0
TOTAL DIRECT TIME	24.9	144.2		82.9		252.0	100%
FORECAST FOR REPORTING FISCAL YEAR		179.0		120.0		299.0	
FORECAST FOR NEXT FISCAL YEAR		179.0		120.0		299.0	
ESTIMATED TOTAL ANNUAL WORKLOAD		343.0		299.0		572.0	
ESTIMATED TOTAL MANPOWER REQUIREMENT		457.0		305.0		762.0	

DESCRIPTIONS OF MAJOR ORGANIZATIONAL UNITS OF DAS

The following identifies DAS's major units of organization, together with a brief description of the major responsibilities of each. The lines of authority can be found in the organization chart preceding Chapter One.

Financial and Manpower Audits Division

Forces Management

This program encompasses audits of all aspects of organizing, equipping and training active and reserve combat forces. Reviews are directed toward the use made of resources provided to attain and sustain the required force structure. Systems such as the Force Status and Identity Report system and other authorization and capability reporting systems as well as contingency planning are included.

The development of unit training objectives, the extent to which those objectives are accomplished and the effectiveness of participation in field exercises are also included in this program.

Program elements 1, 2, 4 and 5 of the Five Year Defense Program and budget submissions will be covered by this group.

Health and Public Affairs

This program encompasses all aspects of the DoD medical care system including operation of hospitals and clinics; all medical (including dental) staffing requirements; and all related training requirements and facilities. Included would be requirements determinations, recruiting, assignment, utilization, classification and record keeping operations. Also included would be all aspects of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and the Tri-Service Medical Information System (TRIMIS).

All aspects of Public Affairs are incorporated, including the American Forces Radio and Television Service, all audiovisual programs which include the production, distribution and depository functions of motion picture, television, audio, multi-media and still photo products for training and information purposes.

Also addressed are all aspects of the Department of Defense Dependents Schools System which operates 259 schools in 25 countries.

Financial Management

This area is concerned primarily with the systems, functions, and activities established to carry out the fiscal responsibilities of DoD. Generally, financial management will include all comptroller-type services and activities relating to programing, budgeting, accounting and reporting. Specifically, financial management covers the needs for, receipt, control, and disbursement of public funds. It covers programing to the extent that it is organized within the comptroller area.

Financial management further covers the budgeting process through the formulation, approval and execution stages. It includes all facets of accounting systems including their approval by the Comptroller General as well as their operational aspects. It covers fiscal accounting and administrative control of funds, cost accounting, property accounting, and other types of accounting.

Financial management includes contract financing, cash management, payment of civilian and military pay and allowances, and overseas banking in DoD. Many funds and accounts are covered; for example, general funds; revolving funds such as stock funds and industrial funds; deposit funds; foreign currency accounts; and transfer appropriation accounts. Financial management incorporates all aspects of disbursing and also covers various types of reporting such as financial and budgetary reporting, and progress and statistical reporting.

Further, financial management includes the responsibility for assuring that legal and legislative requirements are met in the execution of programs using appropriated funds.

Information Technology

This program includes reviews of automatic data processing (ADP) functions such as information and word processing, administrative data processing, production control systems, computers integral to weapons systems, and related telecommunications processing resources. These reviews will include evaluations of automated systems (hardware and software) and will provide design personnel, system users and applicable management levels with timely recommendations to improve operational effectiveness and system efficiency.

Some reviews would include participation in the design, development, and testing of major DoD computer systems to assure that adequate controls and safeguards are designed into approved DoD systems. Other reviews would be made of operational, automated systems and data processing installations as well as ADP systems security and data privacy controls.

TRAINING COURSES ATTENDED BY DAS PERSONNEL
DURING FISCAL YEAR 1979

- I. Defense Audit Service internal courses (These courses are conducted primarily by DAS personnel.)
 - A. Auditor Intern School
 - B. Intermediate Auditor School
 - C. Staff Auditor School
 - D. Advanced Auditor School
 - E. Executive Conference

- II. Training obtained through other Government agencies
 - A. Federal Executive Institute
 - Executive Development Days
 - Seminar for New Managers
 - Executive Leadership and Management Program
 - Seminar for Advancing Managers

 - B. Office of Personnel Management
 - Operation Update
 - Audit Techniques for ADP Systems
 - Basic EEO Counseling
 - Financial Management Conference
 - Automatic Data Processing Orientation

 - C. Pentagon Education Center
 - Critical Reading Skill Development Program

 - D. Department of Defense Computer Institute
 - Computer Systems Security
 - Introduction to Teleprocessing
 - Computer Performance Evaluation

 - E. Army Management Engineering Training Activity
 - ADP Orientation Seminar

 - F. Army Logistics Management Center
 - C/I Review Program Workshop

 - G. Defense System Management College
 - Major Systems Acquisitions Policy in DoD

 - H. Defense Logistics Agency
 - ANS Cobol
 - S/360 and DSAC Programming

 - I. Navy Material Command
 - Navy Department Planning and Management Systems

- J. Defense Intelligence School
Joint Intelligence Curriculum

III. Training obtained from commercial sources

- A. University of Oklahoma
 - Public Personnel Administration
 - Public Policy Analysis
 - Contemporary Economic Methods and Analysis
 - Measurement and Analysis for Public Administrators
 - Program Planning and Evaluation
- B. Dr. Mary C. Bromage
 - Writing Audit Reports
- C. Mr. Phillip Yeager, CPA
 - Lamber's CPA Review
- D. Interagency Auditor Training Center
 - Successful Audit Report Writing
 - Developing and Presenting Audit Findings
 - Written Communications for Auditors
 - Interviewing Techniques for Auditors
 - Operational Auditing
- E. Seminars, Conferences and Workshops sponsored by Professional Organizations
 - 1. Association of Government Accountants
 - Keep Your Cool Under Stress
 - Detection and Prevention of Computer Fraud
 - Productivity Symposium
 - Oral Presentation Techniques
 - Speaking and Listening
 - Systems Analysis for Government Auditors
 - Prevention of Fraud, Waste, and Abuse
 - Detection and Prevention of Fraud, Waste, and Abuse
 - National Symposium
 - Evaluating Internal Controls in Computer Systems
 - 2. Institute of Internal Auditors
 - Professional Perspective - Internal Auditing
 - 3. American Association of Accountants
 - Mid-Atlantic Region Meeting
- F. Management Science Training Center
 - Financial Management Conference

The program responsibilities include providing ADP support and assistance, as needed, to Defense Audit Service teams making audits in an ADP environment.

Security Assistance

The program consists of 5 major parts:

The Military Assistance Program (MAP) through which Defense articles and services are provided to eligible recipients on a grant basis.

The International Military Education and Training (IMET) Program through which military training is provided to selected foreign personnel on a grant basis.

The Foreign Military Sales Financing Program through which loans and repayment guarantees are provided to eligible foreign governments on a fully reimbursable basis.

The Security Supporting Assistance (SSA) Program through which economic assistance is provided, on a loan or grant basis, to selected foreign governments.

Foreign Military Cash Sales Procedures through which eligible foreign governments purchase Defense articles, training and services.

The functional area includes audits at all levels of management of the 5 major parts, which make up the Security Assistance Program. It includes the Security Assistance Program responsibilities of the Military Departments, Unified Commands and Military Assistance Advisory Groups. Reviews in this area may cover the overall management of the program or segments of the program, specific case execution, or compliance and performance from the recipient in-country viewpoint.

Intelligence and Communications Audits Division

Communications

This program covers all aspects of the operational management, control, and supervision of DoD communications systems, activities, or services whether commercial or Government-owned. Included are the Defense Communications System (DCS), Communications Satellite System, and programs funded by the Military Departments; and all special purpose and dedicated networks, systems and programs that support the functions of command and control (including alert and warning) at both the strategic and tactical level. The area also includes responsibility for

internal audit coverage of the Defense Communications Agency (DCA) except audits of payroll and personnel that are covered through other functional programs.

Cryptologic Intelligence

This program includes signal intelligence and communications security for all of DoD. It encompasses the National Security Agency, as well as the cryptologic mission operations of the Army, Navy and Air Force. Audits would cover all aspects of operational management and analysis of the effectiveness and efficiency of mission results in relation to the resources provided through the Consolidated Cryptologic Program and the Communications Security Program. In addition, audit responsibility also includes all areas supporting the mission operations of the National Security Agency. This involves supply management, comptroller services, maintenance, procurement, personnel, research and development, computer operations, communications and field activities.

General Intelligence

This program includes audits of the DoD-wide functions and activities involved in collecting, analyzing, and producing data for basic intelligence, current indications and warning intelligence, intelligence estimates, long-range threat forecasts and scientific and technical intelligence to support DoD requirements. Functions and activities involved in counter intelligence and photo interpretation are also included. Audits of operational management procedures and analyses of the effectiveness and efficiency of mission results in relation to the resources provided through the General Defense Intelligence Program are included. Excluded are audits of the Consolidated Cryptologic and Intelligence Related Activities programs not funded in the General Defense Intelligence Program. Also, excluded are reviews of basic support functions such as payroll, supply, and maintenance, that are covered through other functional programs.

Intelligence Related Activities

This program includes audits of the operational or mission aspects of tactical surveillance and warning systems, tactical battlefield support systems (e.g., reconnaissance assets), tactical ocean support systems, intelligence staff support, intelligence direct support systems, Reserve and National Guard intelligence activities, and intelligence training functions performed by the Military Departments. As part of this program function, we also review operational management procedures development of operational systems, interfaces with other National and Defense

intelligence programs, and the effectiveness and efficiency with which resources are used for intelligence related activities outside the National Foreign Intelligence Program. Also included in this function will be audits of intelligence activities of sensitive national programs for which DoD acts as executive agent. Excluded are basic support functions such as payroll, supply, and maintenance, that are covered through other program functions.

Mapping and Nuclear

This program includes the mission aspects of the DoD mapping, charting, and geodesy (MC&G) program and the DoD nuclear weapons program. The MC&G program involves Defense Mapping Agency activities and the Military Departments involved in validating requirements, tasking collectors, analyzing collection, producing MC&G products and distributing items produced. The nuclear program involves Defense Nuclear Agency activities and the Military Departments concerned with management of the DoD nuclear weapons stockpile including the operations of the consolidated nuclear weapons reporting system. The functions normally associated with integrated materiel management are included for MC&G and nuclear items. Those aspects of Research, Development, Test and Evaluation (RDT&E) programs involved with nuclear effects and MC&G programs are included here rather than in the RDT&E program. Excluded are support functions such as supply, maintenance, fund controls, appropriation accounting and property accountability that are covered through the other functional programs.

Manpower Requirements and Utilization

This program covers most aspects of the management of military and civilian manpower. General areas of audit responsibility include programing and budgeting of manpower resources, manpower resource management, force structure management, and manpower management information systems. Specifically included are all actions affecting the: manpower programs of the Military Departments, Defense agencies and OSD staffs; military or civilian space and/or man-year authorizations and associated funding programs; and activation, inactivation and changes to units and activities. Excluded areas include training, career development and personnel readiness.

Special Programs Audits Division

Systems Acquisition

This program includes the management processes through which major weapon systems as defined in DoD Directive 5000.1, are acquired by DoD. Reviews are based on threat assessments applicable to Defense Systems Acquisition Review Counsel (DSARC) Milestone 0 - Program Initiation, as well as OSD and Military Department subsequent reassessment requirements (DSARC Milestones I through III) as related to individual weapon systems. Included are matters such as trade-off analyses among alternative weapon systems, cost versus operational capability alternatives, DSARC issue items, production and life cycle costs, and qualitative and quantitative requirements determinations and justification as related to major weapon systems acquisition plans and programs.

Research and Development (R&D)

This area covers the mission aspects of basic and applied research and developmental and applied engineering. The operations of R&D activities and studies and analyses efforts are included in this program. Primary emphasis will be on the performance of mission tasks, the scheduling and programming of operations, the degree of control exercised in assuring validity of results, and the extent to which accomplishments are used to influence doctrine and acquisition decisions.

Systems Reliability, Test and Evaluation

This program includes reviews of the adequacy of DoD policies and procedures for determining the reliability and dependability of major weapons to perform according to plan under potential combat or hostile conditions. Assessments will be made of test and evaluation procedures including test range results employed to determine the feasibility of proceeding with procurement and deployment of new systems developed in research and development programs. Reviews will include a determination of methods used to resolve systems defects discovered during operational performance and the cost-effectiveness of alternatives selected to assure that mission accomplishments are not degraded under stress situations. Evaluations will also be made to determine that prompt disposition is undertaken on systems deemed too technically deficient to accomplish mission goals, or where the cost to correct mechanical deficiencies is too high.

Procurement and Program Execution

This program includes reviews of the adequacy of DoD policies, procedures and practices for acquiring approved major hardware and software systems, products, and services. These reviews will focus on evaluating the processes for DoD validation of requirements, determining that procurement schedules are realistic, and reviewing methods used to obtain timely acquisition. Emphasis will be placed on the adequacy of DoD administrative practices employed to forecast procurement, production and delivery dates; establish obligation and outlay targets based on these forecasts; and monitor the progress of program execution. The acquisition process will include reviews of procurement requests, invitations to bid, methods of contracting, and the negotiation, award and administration of contracts.

Administration and Entitlements

This audit program area encompasses the activities and functions involved in the (a) development and execution of the retired military pay and reserve programs; (b) determination and payment of entitlements to retired military personnel or their survivors, members of the Reserve Forces and the National Guard; (c) establishment and maintenance of data bases for retired military personnel, their survivors, the Reserve Forces and the National Guard; and (d) the administration of related programs. Reviews will include the planning, programing, budgeting and implementing of actions required to economically, effectively, and efficiently accomplish related program objectives. Reviews in this area are of an interservice nature and in some instances are of an interdepartmental nature. Effective working relations are required to be maintained with the Veterans Administration and the Departments of Commerce, Transportation, and Health, Education and Welfare.

Systems and Logistics Audits Division

Materiel Management

This program includes DoD-wide audits of activities and facilities dealing with all aspects of supply system operations and those dealing with logistics data systems. Included are supply operations and related accounting systems such as inventory control points managing wholesale inventories, depots, inventories in transit, installation level supply operations, and materiel in the possession of using and supporting organizations and units. Some of the functions are inventory control, storage and issue, requirements computations, war reserves, requisitioning, warehousing, stock balance and consumption reporting systems,

reutilization screening processes, the Federal Catalog program for identifying and cataloging items of supply, item standardization programs, and management of technical data items of supply. Excluded are individual weapon system acquisitions, transportation, maintenance and overhaul, procurement, contract administration, and property disposal.

Transportation

This program includes DoD-wide and interservice audits of all aspects of the programs, systems, and activities of the Defense Transportation System. Included in the transportation system are the operation, control, and supervision of all functions incident to the effective and economical procurement and use of transportation and traffic management involving the land, sea, or air movement of personnel and equipment using both military and commercial sources. The Program Director must work closely with other Government agencies and the public sector. Components of the Defense Transportation System are the Military Traffic Management Command, the Military Airlift Command, the Military Sealift Command and the Service Transportation Offices. Only those functions related to the mission of the DoD Transportation System are in the program. Excluded are the everyday housekeeping activities and functions performed by and for these components and those responsibilities directly related to the parent Service requirements unless specific requests dictate DAS audit involvement.

Facilities and Support Services

This program includes DoD-wide and Defense agency audits of:

- maintenance, repair and utilization of real property and equipment,
- military construction,
- housing programs (family, bachelor and leased housing), and
- support services.

Reviews will be made of the management of real and installed property from determination of the need of the property through maintenance, use and disposal. Some of the specific audit entities included are in-house construction; utility systems; maintenance

of land, buildings, facilities, and installed property; fire protection; family housing programs; and related costs and property accounting systems. This program also includes evaluations of the various services required to support the operations and maintenance of a military facility or organization. It includes audits of Service-wide operations, such as mess hall operations; appropriation-funded morale, welfare and recreation functions; quarters; religious activities; and retail store operations (such as clothing and commissary).

Defense Logistics Agency (DLA) Supply Centers and Depots

This program includes audits of major supply support missions assigned to 5 DLA supply centers (excludes Defense Fuel Supply Center) and 7 field depots. The supply management functions of the supply centers include requirements computation, supply control, provisioning, procurement, requisitioning processing, distribution, materiel management, standardization and inventory accountability. Areas of audit responsibility at the depot level include receipt, inventory management, warehousing and distribution. In addition to the 7 DLA-managed depots, the Program Director has responsibility for mission audits at those Service-managed depots that perform distribution missions for DLA-owned commodity materiel. Also included are audits of storage facilities for subsistence worldwide.

Recruiting and Training

This program includes DoD-wide audits of the recruiting, training and education of military personnel. It also includes DoD-wide audits of the education and training of civilian employees. The overall objectives of these audits are: to review and evaluate the effectiveness, efficiency and economy of the DoD management of personnel and resources used in recruiting, education and training; and to determine whether there is unnecessary duplication and/or potential for the consolidation or elimination of certain functions or activities.

Defense Contract Administration Services and Disposal Activities

This program includes audits in the following areas:

- Contract Administration. The activities involved in the administration of contracts, quality assurance, Government-furnished property administration and industrial security are included in this program. Reviews of deliveries, undelivered

items, contract financial status, program status, partial and advanced payment terms, and intransit inventory controls are included. This area includes reviews of DoD contract administration organizations. The establishment of requirements and the storage and distribution of materiel to meet the needs of consumers are not covered except when these matters are directly effected by contract administration practices and procedures.

- Property Disposal Activities. This program reflects the management and control of inventories accounted for in the Integrated Disposal Management System from receipt through disposition including in-transit accountability from the turn-in activity and to the receiving activity. Some of the identifiable functions are receipt and storage, utilization, donation, demilitarization, sales, downgrading to scrap, precious metals recovery, and ship and aircraft sales.

- Accountability and Security of Small Arms, Ammunition and Explosives. This program reflects the management and control of inventories from acquisition to use or disposal. Some of the identifiable functions are inventory control, storage and issue, security, requisitioning, and stock balance and consumption reporting systems.

Maintenance

This program includes the various systems facilities, services, and activities devoted to the maintenance, repair, and overhaul of equipment and supplies. It includes organic and contractual organizational, intermediate, and depot repairs. Also covered is the use of equipment and supplies by maintenance and repair activities. Maintenance operations funded by industrial funds are also in this program. Reviews will cover maintenance philosophies, and concepts developed during weapon and subsystem conception, design, test and operation. Some of the identifiable functions are depot maintenance, vehicular maintenance (for example, tanks, personnel carriers and trucks), ship overhaul, missile and other ordnance maintenance, maintenance of organizational materiel, and related cost and appropriation accounting for maintenance and repair activities. Maintenance of real property will not be included.

Energy, Environment and Safety

This program includes audits of programs under the cognizance of the Deputy Assistant Secretary of Defense (Energy, Environment and Safety). Energy programs include fuel supply assurance, development of alternate fuels, energy technology application, engineering and analysis, conservation investment, conservation management and training.

Environmental programs require compliance with environmental laws and environmental protection agency regulations. The programs deal with air and water pollution abatement, hazardous materiel management, solid waste disposal, noise suppression, pesticide management, environmental impact statement, conservation of natural resources, and preservation of historic sites.

Safety programs require compliance with work place safety standards established in accordance with the Occupational Safety and Health Act of 1970. DoD safety policy requires safety training for employees, mishap investigation, standardized reporting of mishaps, and use of personal protective equipment if work place hazards cannot be eliminated. DoD safety programs also cover chemical weapon systems ammunition, explosives, hearing conservation, traffic safety, flight safety, nuclear safety and system safety engineering.

Theater-Wide and Special Audits in Europe/Pacific

This program includes audits of Unified Command organizations and functions, audits of any Defense program, function, or system when audit scope is limited to the overseas theater, and special audits of activities within the theater in response to OSD or Unified Command requests. The Program Director represents the Director, DAS in dealings with the overseas Unified Command and the Military Departments overseas commands and activities. He acts as point of contact for all commands in the theater for ongoing audits.