



6F051A, Module 2: Financial Management Analysis Basics

Lesson 1 - Fiscal Law

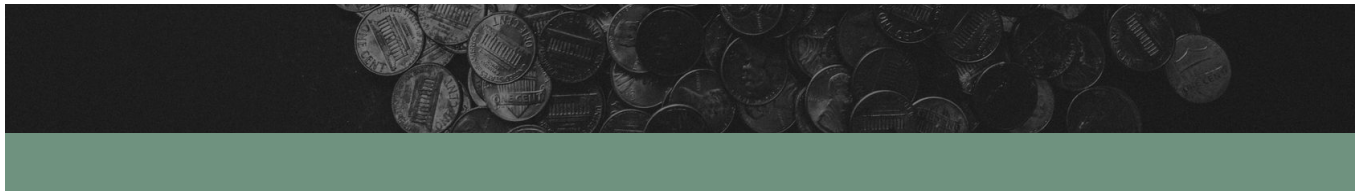
BUDGET EXECUTION

- **Without Reference, Determine Procedures for Budget Execution IAW prescribed publications and guidance**



Overview

- **Determine Propriety of Funding**
- **Determine Status of Funds**
- **Track Reimbursements**
- **Civilian Pay**
- **Management of Prior Year Funds**



Propriety of Funding

What does propriety of funds mean exactly? Webster's Dictionary describes propriety as being correct or appropriate behavior, so to the finance world, correctly spending the funds distributed to the base in accordance with regulations, instructions, pamphlets, etc. The main Air Force publication that deals with propriety of funding is DAFI 65-601 Vol. 1, [Budget Guidance and Procedures](#) and DAFMAN 65-605 Vol. 1, [Budget Guidance and Technical Procedures](#).

"Financial management is the process of determining funding requirements, obtaining resources, and applying those resources legally, effectively and efficiently to meet the

DAF direct mission and support responsibilities, as commanders, directors, Airmen and Guardians are responsible for this process.”

- DAFMAN 65-605 Vol 1

Determine Status of Funds

Status of Funds (SoF) reports are primarily used for determining the status of programs and the available obligation authority. Many organizations have their own way of pulling the data that populates the SoF, but in this module we will focus on the most basic form of the report: which is pulled from DEAMS.

1

Navigate to the DEAMS Discoverer Viewer module located in DEAMS.

2

Click on the R12_DEAMS_STATUS_OF_FUNDS report from the available options.

3

From the list of report formats, click the ‘Summary – Column Subset with Page Items’ option.

- This will load a form which allows you to type in search parameters that direct what data will be in your SoF Report.
- It is important to be specific enough with your parameters to show data relevant to the program you are searching for. (Fund, RC/CC, PEC elements typed in)
- You will need to know the accounting elements associated with your program before completing this step.

4

Click the ‘Go’ button to initiate the query in DEAMS.

Once you have the report pulled, the next part is formatting and presenting the data that is presented. There is no one way of doing this, but there are many important concepts you need to understand. A SoF report should identify the following items to determine current budget execution:

- 1 Annual and Quarterly Authorizations – Funding available to the organization.
- 2 Gross Commitments – Sum of Commitments, Undelivered Orders Outstanding (UOO), Accrued Expenditures Unpaid (AEU), and Accrued Expenditures Paid (AEP) balances.
- 3 Gross Obligations – Sum of UOO, AEU, and AEP balances.
- 4 Uncommitted Balances – Total amount not allocated to a specific purpose. It is the Annual Authorization minus Gross Commitments.
- 5 Obligation Rate – Represents the execution status for the unit. It is a percentage calculated by dividing the Gross Obligations by the Annual Authorizations.
- 6 Straight Line Rate – What an Obligation Rate should be if you evenly executed through-out the fiscal year; equivalent to 8.33.% per month.

When determining SoF, you will have to perform some analysis to get useful information. This analysis may be researching the elements listed above for a single or group of units, types of expenses, or period of time. Additionally, you may need to compare obligation rates to straight line rates to determine the health of a program. Finally, looking at multiple SoFs across different points of time will give insight on a program's spending rate and let you calculate when the funding will run out (go-broke date).

A SoF report is used for many reasons by multiple people. The Secretary of the Air Force (SAF) requires monthly reporting from each MAJCOM. This report provides current year-to-date expenses, obligations, and commitments. If SoF reports show MAJCOMs and bases are significantly accelerating (spending too fast) or slipping (not spending fast enough) within each funded program, explanations and recommendations should be included. Similarly, an accurate SoF report assists commanders in determining if additional funds or other financial management measures are required to complete the mission. Understanding the SoF ensures commanders have the most current information regarding their budget.

DEAMS should be used to develop the SoF, but you as an analyst will interpret and present the data to answer questions such as:

☐

How much was spent?

☐

How were the funds spent?

☐

Which organization spent funds?

☐

How much funding is left?

When the FMA office is doing a review of the base's SoF, it is very important to understand why funds are in certain stages of accounting. Typically, the FMA office should be reviewing statuses on a weekly basis. Below shows an example of an SoF.

FUND	MAIN	LIMIT	POA	D/R	AAI	OE	SA	BLIN	BLI	LOB	PRDGR	COST C	ESP	OSC	EEC	SALES	WON/	DATA	SUB AV	AVAIL AUTH	COM	UDO	ADV P	AEU	AEP
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		111.00CN	111CN			10/18/2023	06-48						\$250.11
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		111.00LA	111LA			10/18/2023	06-48						\$4,356.08
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		111.00LH	111LH			10/18/2023	06-48						\$666.96
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		111.00LS	111LS			10/18/2023	06-48						\$666.96
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		121.00UC	121UC			10/18/2023	06-48						\$1,146.44
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		121.00UD	121UD			10/18/2023	06-48						\$59.40
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		121.00UP	121UP			10/18/2023	06-48						\$107.67
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		121.00UI	121UI			10/18/2023	06-48						\$237.61
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		121.00UJ	121UJ			10/18/2023	06-48						\$460.36
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	011A	10300000	0504210F	3420PA		121.00Z8	121Z8			10/18/2023	06-48						\$2,818.95
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3401PB		111.0001	11101			10/18/2023	06-48	\$575,100.00					
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00LA	111LA			10/18/2023	06-48					\$372.15	\$1,199.82
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00LA	111LA		AFDWJON	10/18/2023	06-48						\$4,601.05
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00LH	111LH			10/18/2023	06-48					\$0.00	\$281.18
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00LH	111LH		AFDWJON	10/18/2023	06-48						\$2,857.14
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00LS	111LS			10/18/2023	06-48					(\$1,070.14)	\$181.94
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00LS	111LS		AFDWJON	10/18/2023	06-48						\$3,247.20
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00LV	111LV			10/18/2023	06-48						\$992.40
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00RG	111RG			10/18/2023	06-48					(\$4,098.61)	\$6,930.26
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		111.00RG	111RG		AFDWJON	10/18/2023	06-48						\$5,239.87
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		115.00YW	115YW			10/18/2023	06-48						\$1,231.00
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		121.00UC	121UC			10/18/2023	06-48					\$243.47	\$12,243.82
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		121.00UD	121UD			10/18/2023	06-48					\$13.23	\$665.33
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		121.00UP	121UP			10/18/2023	06-48					\$19.19	\$982.71
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		121.00UG	121UG			10/18/2023	06-48					\$2.88	\$144.50
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		121.00UI	121UI			10/18/2023	06-48					\$52.93	\$2,661.78
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PA		121.00UI	121UI			10/18/2023	06-48					\$82.04	\$4,201.94
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PB		111.00CT	111CT			10/18/2023	06-48						\$0.00
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PB		111.00CT	111CT		AFDWJON	10/18/2023	06-48						\$102.30
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PB		111.00LA	111LA			10/18/2023	06-48					(\$214.34)	\$4,356.77
05700034	5400	0000	2323	D	587700	F65ME	01	01010000	0112	10300000	0303005F	3404PB		111.00LA	111LA		AFDWJON	10/18/2023	06-48					\$214.34	\$20,048.47

Status of Funds spreadsheet

Once the SoF has been determined, it will be used to do different types of analysis on the health of your organization. Since stages of accounting are very important, you will often be asked the following questions:

Balances are in Commitments	Balances are in Obligations
What are the items listed in the Open Document List (ODL)?	What's been billed?
How long have they been there 30/60/90 days?	Has the work been performed?
Why haven't they been obligated yet?	Have they been paid?

Additionally, you may provide the SoF briefing to the commander or respective FMA officer. Financial analysts are responsible for accurate data and should prepare accordingly. Some example questions you might be asked:



What have we spent most of our money on?



Do we need to request additional funds?

- How well are we spending?
- Where are the big variances?
- What are the major areas of risk?

CONTINUE

Track Reimbursements

A reimbursement is a collection resulting from the sale of goods or services provided to another activity. The Air Force can process reimbursements with two types of customers: federal or public.

Examples of federal customers include agencies within the DoD (Air Force, Army, Marine Corps, Navy, Defense Logistics Agency, National Security Agency, National Guard Bureau, etc.). Public customers are non-DoD federal agencies such as Department of Energy, Department of Homeland Security, Department of the Interior, General Services Administration, etc.

Tracking reimbursements is vital because some organizations sustain operations with reimbursement funding. Additionally, the reimbursement process avoids a duplication of services, facilities, and personnel. Reimbursements are tracked using a sales code. This is a two or three alpha-numeric code that identifies the customer, activity or fund from which reimbursement is made.

Tracking reimbursements is a complex process. The AFAFO Reimbursement O2C Process Tool Kit is helpful for managing your organization's reimbursement program.

Tracking reimbursements can be broken down in four stages.

STAGE ONE**STAGE TWO****STAGE THREE****STAGE FOUR**

Your organization will develop an estimated amount they will receive in annual reimbursements. This amount is used to attain their anticipated Reimbursement Budget Authority (RBA). RBA is the appropriation reimbursement authority distributed in the overall budget.

Anticipated reimbursement amounts are entered into DEAMS to control and limit the amount of reimbursable customer orders that may be received and accepted.

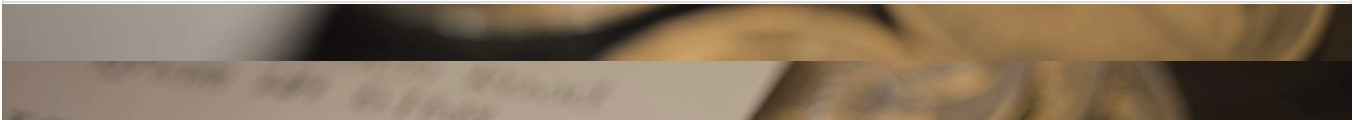
Activities receiving apportioned reimbursable funding authority for appropriations will only use the apportioned RBA to load targets into DEAMS and cannot create a budgetary resource in the budget and accounting records until a valid customer order has been received and accepted.

STAGE ONE**STAGE TWO****STAGE THREE****STAGE FOUR**

A valid reimbursable customer order, such as Miscellaneous Obligation Reimbursement Document (MORD), Department of Defense (DD) Form 448-2, support agreement or interagency agreement is received and accepted by your organization. This generates an actual budgetary resource for the organization. The customer order is established as an agreement in DEAMS.

Reimbursable orders citing a one-year appropriation should not be accepted in the current year unless there is reasonable expectation that the orders can be obligated prior to fiscal year end. Basically, the work must be accomplished and billed with the fiscal year of the valid customer order.

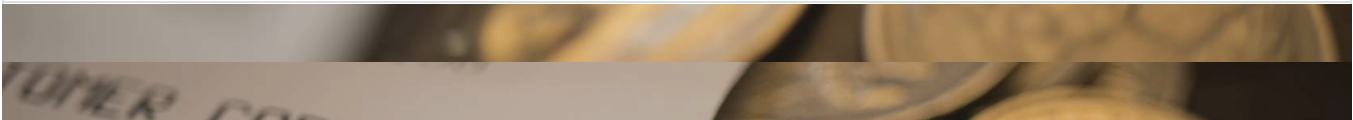
After a valid customer order is in place, the performing activity can provide goods or services to the requesting agency and begin stage three, billing.



STAGE ONE	STAGE TWO	STAGE THREE	STAGE FOUR
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In this stage, the organization that provides the goods or services will prepare a Standard Form (SF) 1080 to initiate billing. This organization will attach all the necessary documentation to the agreement created within DEAMS for the Receivables Branch at DFAS to process.

The frequency of billing will vary depending on the goods or services being provided. It could be as frequent as monthly billings or as little as once a year. The requirement is to bill within 30 calendar days after the month in which performance occurred. This is something to take into consideration when tracking reimbursements.



STAGE ONE	STAGE TWO	STAGE THREE	STAGE FOUR
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This is the final stage of the reimbursement process, recognizing that the collection of funds for reimbursable goods or services provided by the performing activity to the ordering activity has been received. In this stage, a collection receipt has been processed in DEAMS and the posting of this receipt closes out the accounts receivable transaction.



CONTINUE

Civilian Pay

Let us now cover how you develop financial requirements. RAs are an essential source of information. However, you must keep in mind that the financial analysis office has specific responsibilities to these RAs. Many of the RAs may not be as knowledgeable as you are in budgetary matters. They may not know how to develop their requirements. Therefore, the financial analysis office must provide training on the concepts and procedures to develop financial requirements. In this section, you will learn basic facts about the civilian pay program.

Regarding budget execution, civilian pay is a “must pay” program that covers the payroll expenses for DoD civilian employees. The cost of employing civilians includes more than just the amount of their paychecks. There are benefit costs, other compensation, and clothing allowances. There may also be costs for an authorized civilian PCS to fill a particularly critical vacancy when a qualified individual is not in the local candidate pool. Civilian personnel costs are not always included in the execution plan. MAJCOMs often calculate them based on current actual expenses, usually later in the year. However, the MAJCOM determines whether these costs are included in the execution plan.

There are two categories of civil service employees. The groups are General Schedule (GS) and Wage Grade (WG). We will discuss the various entitlements for each group. The table below gives a description of each group:

Group	Description
General Schedule	The term general schedule describes employees who fill professional, executive, and technical positions. An all-inclusive pay raise for GS employees takes an act of Congress. GS employees of like grade and step level receive the same rate of base pay, regardless of duty location.
Wage Grade	Federal WG employees perform crafts, trades, maintenance, and custodial jobs. Congress does not provide pay raises for these employees. Instead, the DoD conducts periodic wage

surveys to determine the average salaries of these tradesmen in a given area and the services then adjust pay rates administratively to conform to the new hourly wage levels in the job location areas.

Types of Expense

There are many types of expenses involved in these civilian payrolls; however, all civilian expenses will have an Object Sub Class that begins with "1". Below are a few common Object Sub Classes:

Permanent – Graded Civilian

Object Sub Class–111.OORG consists of payments for services for a permanent graded GS employee.

Object Sub Class

Use the following Object Sub Classes to differentiate between types of civilian pay and benefits.

Object Sub Class	Types
111.OOLY	Time Off Leave Award
121.OO22	Civilian Clothing
111.OOLE	Holiday on Call

Developing requirements

Usually, the MAJCOM computes civilian pay requirements based on authorizations and historical data, providing the work year costs. The use of fund authorizations and work year allocations are the responsibility of the civilian employment and cost management committee. However, as a financial analyst, you must know the basics of civilian pay.

Component	Description
Compensable Hours	These hours are basic regular hours upon which compute an employee's basic or regular pay. They include

	periods of annual or sick leave and time off for legal holidays for which an employee is paid. You exclude overtime or other premium pay hours. A fiscal year has either 2080, 2088, or 2096 total compensable hours.
Work Years	A work year is one employee being in a pay status for a certain number of payable hours in a fiscal year. A work year is also more than one employee being in a pay status part of the year and the compensable hours equal a fiscal year.
Work Year Equivalents	This represents the portion of a total work year actually used during any fractional part of the fiscal year. A work year is equal to the total of the work year equivalents for a given fiscal year.

The financial and statistical data in the civilian manpower and funding report serves as the basis for budget and apportionment estimates. You use this report for reporting to the Office of Management and Budget (OMB) and Office of the Secretary of Defense (OSD). You also use this information for monitoring budget activities at base, command, and departmental levels. The report provides a summary of current month personnel costs and computes work year equivalents for each month.

CONTINUE



MANAGEMENT OF PRIOR YEAR FUNDS

Throughout this course, we have focused on current and future funding. In a perfect world, we can expect that all charges will payout before the end of the fiscal year, and there will be no future charges. However, that is not always the case. In this objective we will learn more in detail about the management of prior year funds.



MANAGING PRIOR YEAR FUNDS CAN SEEM LIKE MANAGING CURRENT YEAR FUNDS. HOWEVER, SOME DIFFERENCES DO EXIST. DIFFERENCES SUCH AS WORKING WITH WITHIN-SCOPE CONTRACT CHANGES, DETERMINED BY THE CONTRACTING OFFICER AND JUDGE ADVOCATE, AND UPWARD OBLIGATION ADJUSTMENT (UOA). BEFORE YOU CAN USE CURRENT APPROPRIATIONS TO FUND PRIOR-YEAR OBLIGATIONS, YOU MUST GET PROPER APPROVAL AUTHORITY; IF YOU DON'T, YOU WILL BE IN VIOLATION OF THE ANTI-DEFICIENCY ACT.



WHAT IS A PRIOR-YEAR ADJUSTMENT?



It is an adjustment made to accounts from previous years due to changes in accounting policies or because of errors.



Such adjustments occur because of foreign currency fluctuations, accounting errors, claims, and contract overrun.



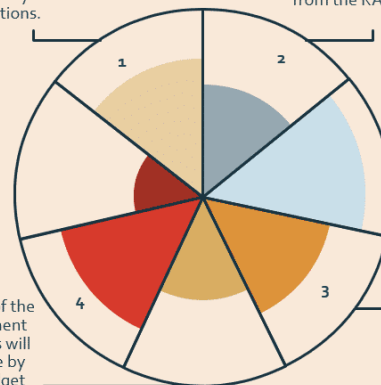
Normally prior-year funds are used for upward adjustments unless; the related obligations are from cancelled appropriations.



MAJCOM ensures that upward obligation adjustments citing expired-year, or cancelled-year funds are obligated and executed prior to the end of the fiscal year.

UPWARD OBLIGATION ADJUSTMENT (UOA)

UOA is an automated way to process, report and receive approval for UOAs and within-scope contract changes for expired and cancelled year appropriations.



Documents originate from the RAs.

The routing process will include the contracting office, legal, and FMA.

Review of the adjustment requests will be done by the budget officer and the comptroller at the appropriate level to decide if the adjustment is valid.

MANAGING FUNDS

PRIOR YEAR VS CURRENT YEAR

Managing prior year's funds is important in the case of having to use current year's funds to pay for a prior year purchase. Getting a good estimate for a requirement is crucial.

We classify or refer to appropriation accounts by their availability for incurring obligations or for making payments in liquidation of such obligations.

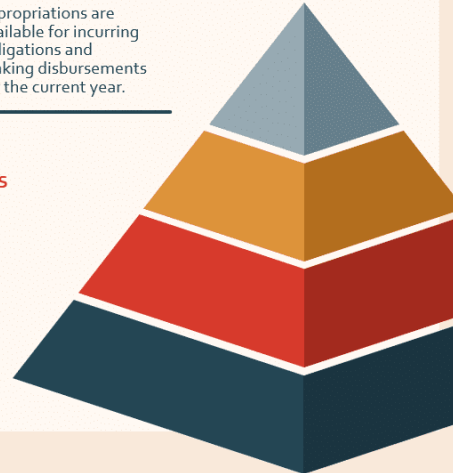
We arrange the status of availability of the appropriation account under two headings—**current appropriations** and **expired appropriations**.

CURRENT APPROPRIATIONS

Current appropriations are available for incurring obligations and making disbursements for the current year.

EXPIRED APPROPRIATIONS

Expired appropriations are no longer available for obligation but are still available for disbursements for five years to liquidate existing obligations.



CONTINUE

Resource Management System

- **Without reference, identify basic facts and terms about the Resource Management System (RMS) IAW prescribed publications and guidance**

OVERVIEW

- **Training**
- **Financial Working Group (FWG)**

- **Financial Management Board (FMB)**

Resource Management System (RMS)

The Resource Management System (RMS) is the cornerstone of effective management of Air Force resources. RMS at its core is about generating a team of competent financial managers who understand how to establish priorities to achieve the mission with the resources available to their organization. In this section, we will discuss in more detail the elements of the RMS program: the role of financial managers, training requirements, and the corporate board process (FWG and FMB).

RMS Duties

Commanders and financial managers have a legal and moral responsibility to properly account for U.S. tax dollars. They are the key players in ensuring funds are properly executed to support the mission.

Commander (CC) —

Commanders are inherently responsible for financial management due to their command position. They are actively involved in the execution plan, and they hold decision authority within their organization. The commander's vision will heavily shape resource prioritization.

Comptroller —

The Comptroller is the chief personnel manager of the Comptroller organization. They provide unbiased financial management decision support to the commanders

Responsibility Center Manager (RCM) —

The RCM plans, directs and coordinates subordinate organizations' activities. They are typically the squadron or group commander. RCMs analyze subordinate organizations' plans and performance, identify imbalances in resource distribution and makes sure that resource consumption contributes effectively to mission accomplishment. They are responsible for appointing the organization's RAs.

Cost Center Manager (CCM) —

These individuals regulate the daily use of workhours, supplies, equipment, and services to accomplish the mission. Individuals appointed as CCMs have a working knowledge of what their flight requires to execute the mission.

Resource Advisor (RA) —

An RA is assigned to every organization as the focal point to plan, program, budget, acquire, and provide decision support capabilities to the Commander. The RA should have a close, working relationship with their servicing FMA office. The FMA office provides oversight of the organization with financial management drills and analysis. Personnel who work as RAs can work at both group and squadron levels.

Financial Management Analysis (FMA) —

FMA is the focal point for financial management and planning funds distribution and execution on the installation. Technicians assigned to work in this area must have the ability to work closely with RAs and CCMs to ensure funds are executed to satisfy the base commander's intent. The individual tasked to lead and manage this flight is called the financial analysis officer (Budget Officer).



Every financial manager plays a crucial role in resource management, and they must be armed with the tools and knowledge to effectively fulfill their role.

Resource Management System (RMS) Training

A regular and continuing training program is an integral part of the successful resource management system. The base FMA office is responsible for conducting, recording, and maintaining RMS training.

Initial RMS Training

Initial RMS training helps newly assigned RCMs, RAs, and CCMs become familiar with their duties. Initial training covers:

1. Financial processes overview.

2. An understanding of their responsibilities to their organization and the Comptroller.

3. A knowledge of available management reports.

4. An understanding of the functions and key resource manager's assigned duties

5. An overview of procurement and supply procedures.

6. An understanding of appropriations law or fiscal law.

Initial RMS training is initiated as soon as possible but starts no later than 30 days from appointment and must be accomplished within 90 days after assignment. The comptroller organization is responsible for initial RMS training for RCMs and RAs. RAs are responsible for initial CCM training. CCMs need an overview of the financial process and an understanding of their responsibilities and the tools available.



Money As A Weapon System

The Money As A Weapon System (MAAWS) training program is the mandated tool for initial RA training. The objective of the MAAWS program is to improve mission effectiveness. An experienced and effective RA is a critical part of the decision-making team. The MAAWS program is built to train and support RAs long after the training session is over.

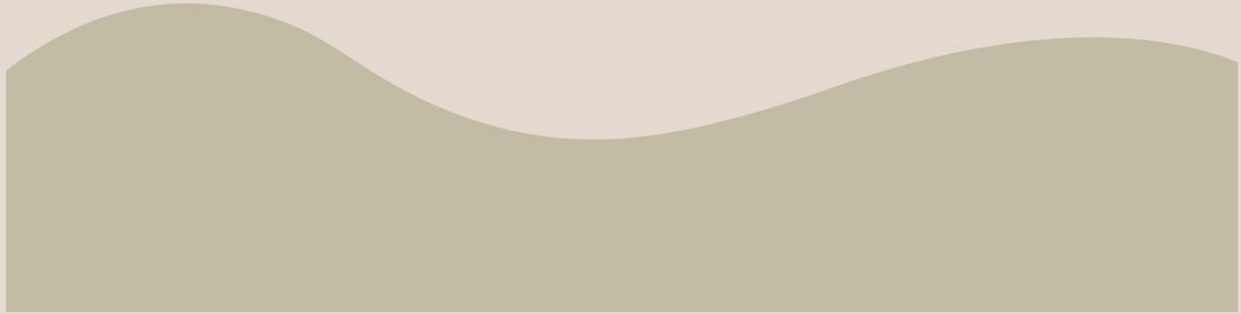


The MAAWS program is made up of five blocks that cover all the required initial RMS subjects outlined in AFI 65-601V2 and additional topics to enhance mission performance. The MAAWS training materials are located on Financial Information Collaboration Space (FICS) and maintained by the Resource Training Center (RTC).

MAAWS trainers must review the MAAWS Train the Trainer course, also available on FICS, prior to conducting the RMS training. Trainers will use the MAAWS facilitator guides to direct the training as they conduct training with the PowerPoint presentations. It is up to each unit to determine how this training is best executed for their installation.



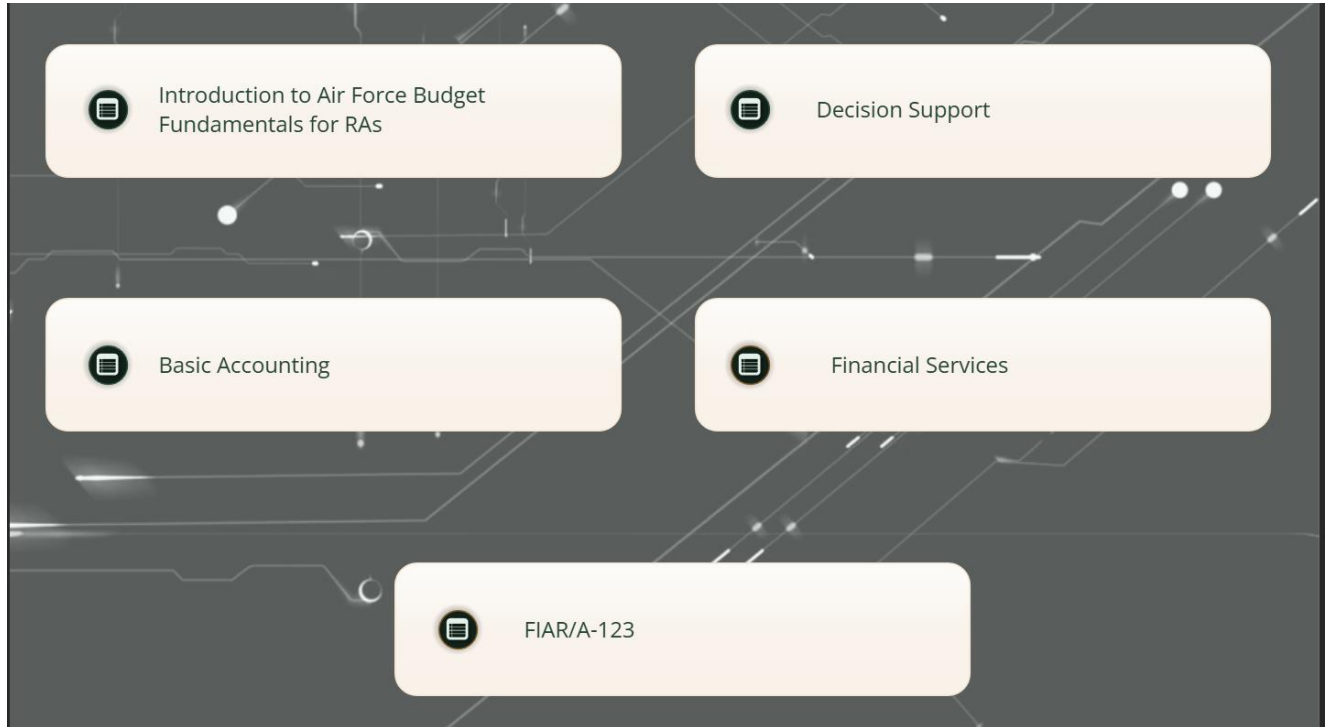
Below is a list of the MAAWS blocks:



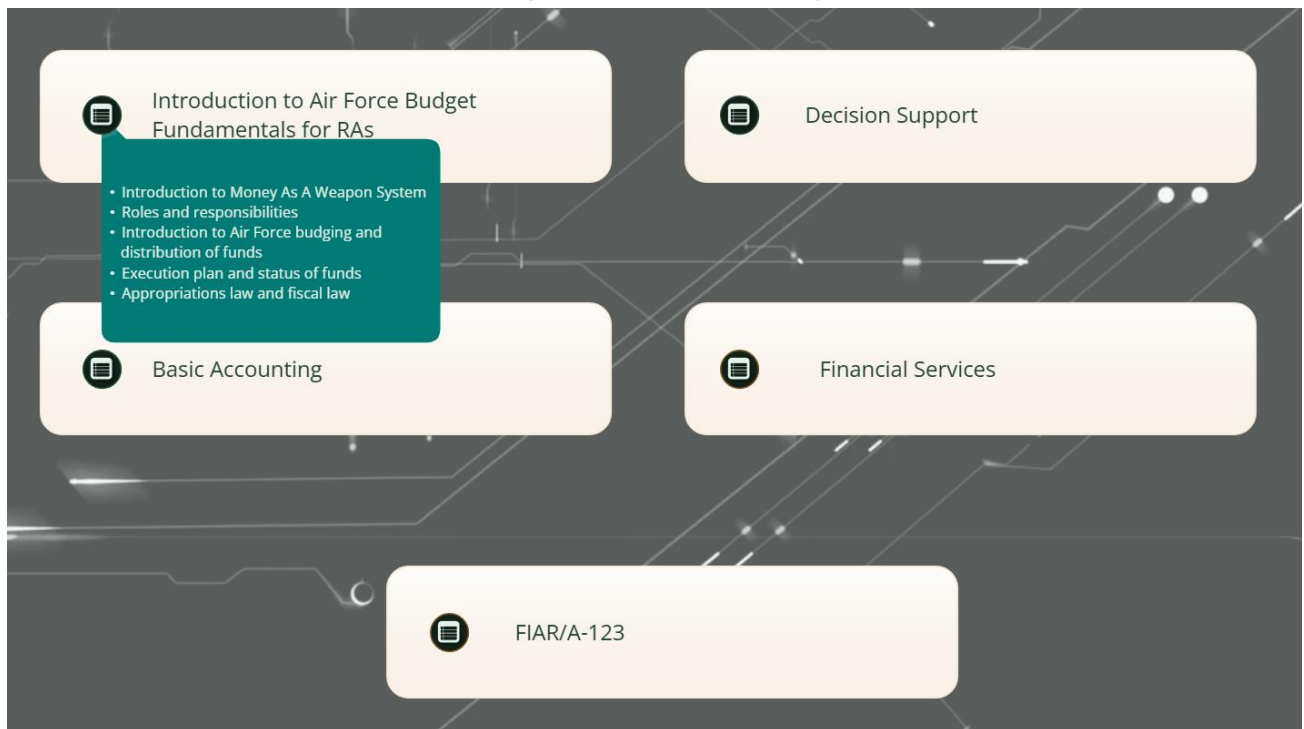
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MAAWS

1.1 Title

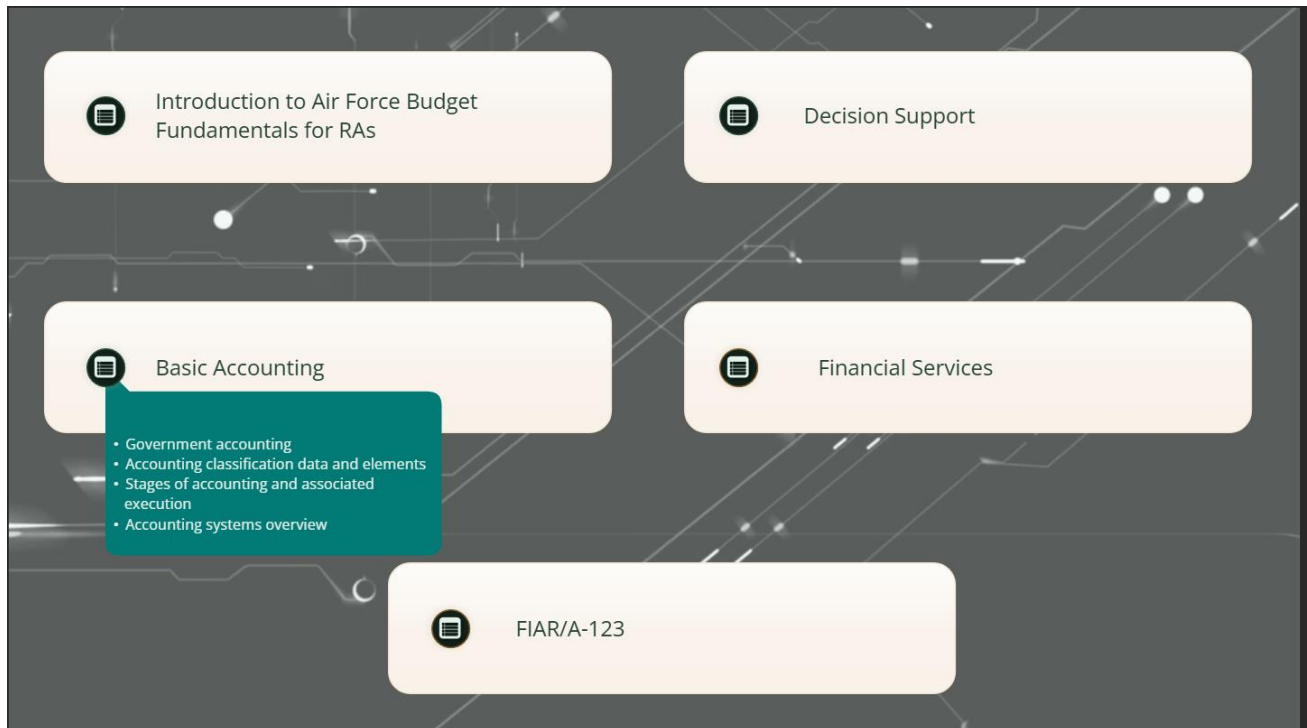


1.2 Introduction to Air Force Budget Fundamentals for RAs

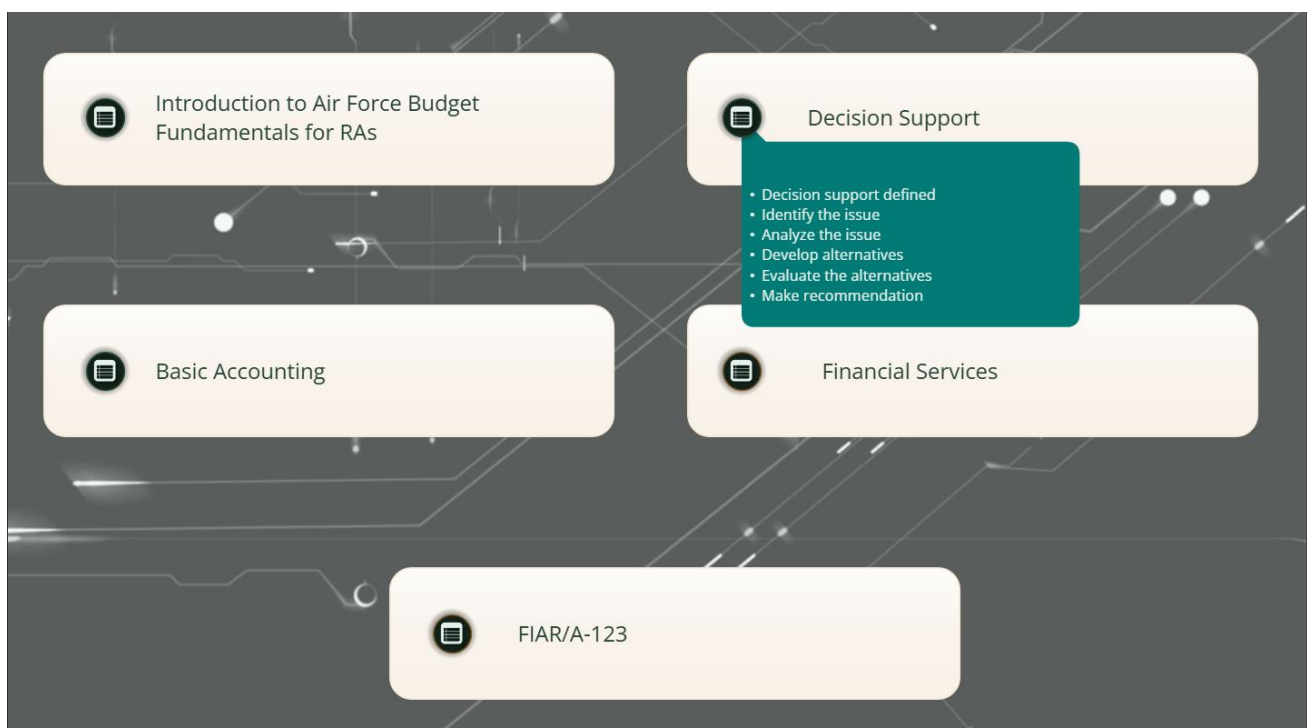


1.3 Basic Accounting

MAAWS

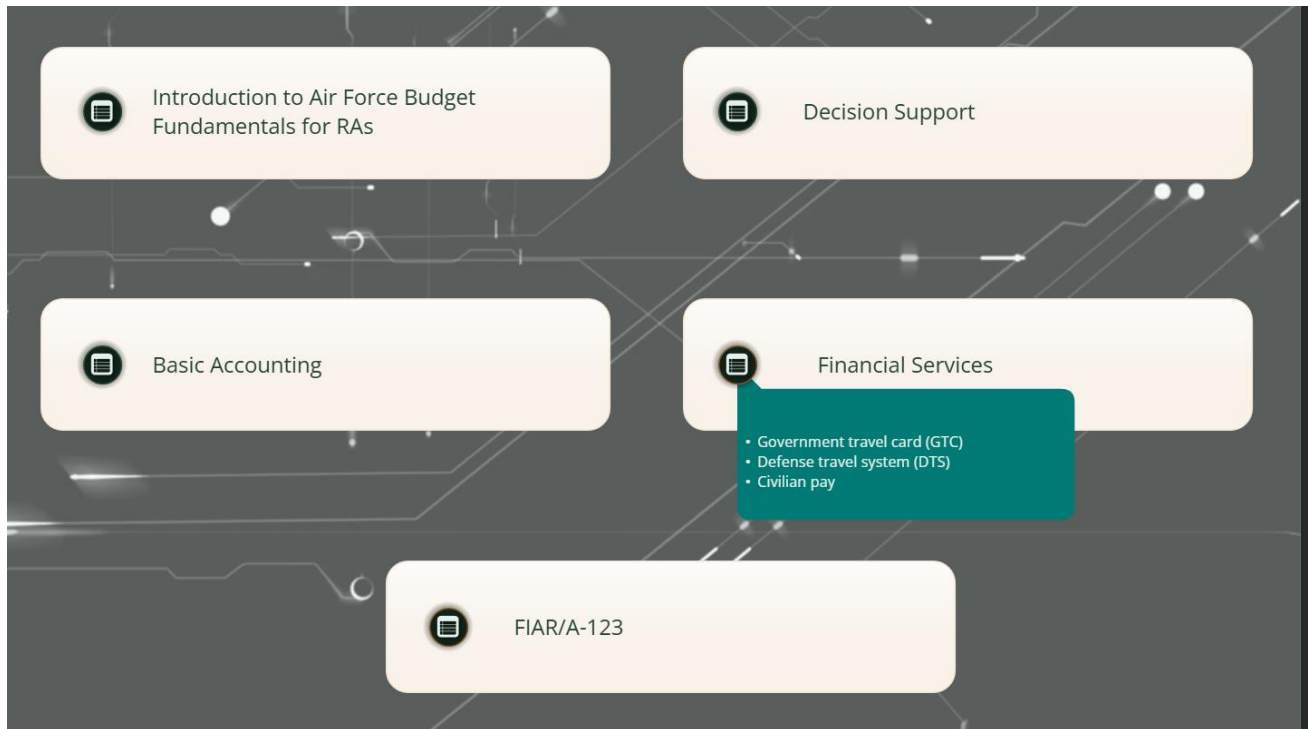


1.4 Decision Support

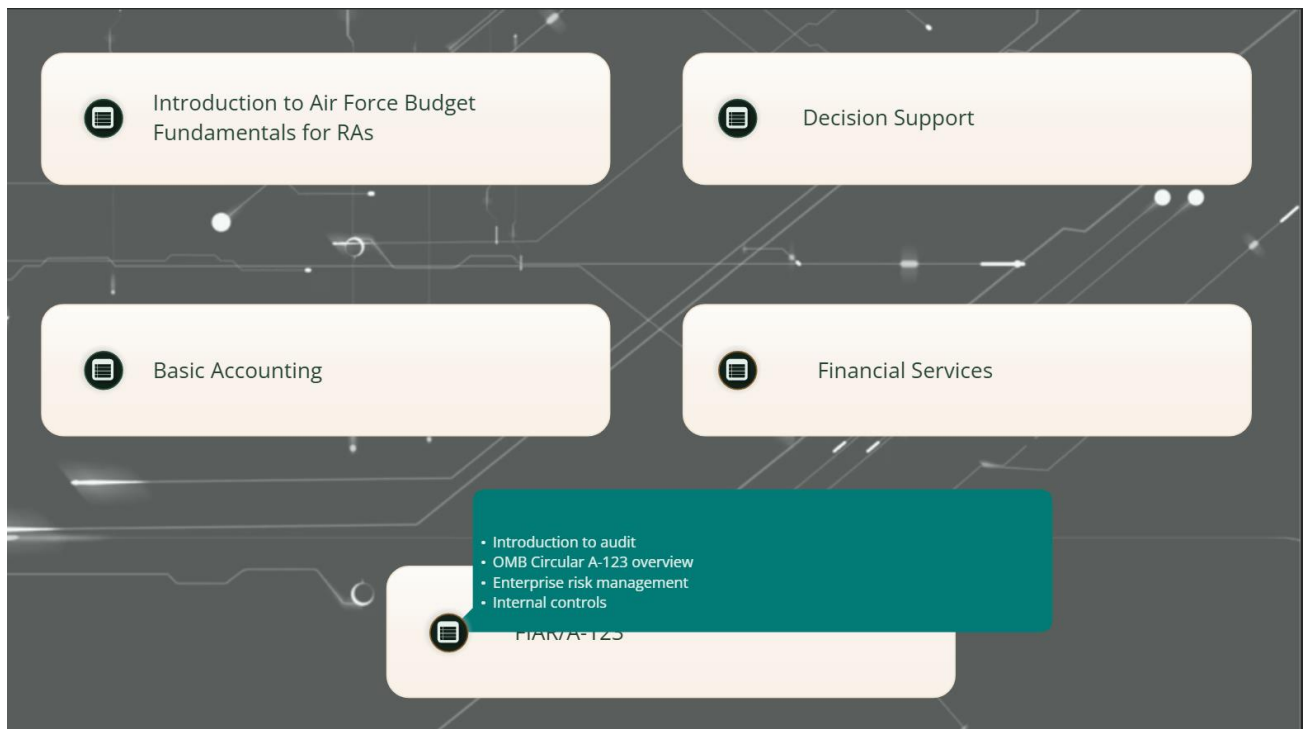


MAAWS

1.5 Financial Services



1.6 FIAR/A-123





Introduction to Air Force Budget
Fundamentals for RAs



Decision Support



Basic Accounting



Financial Services



FIAR/A-123

System Access, Continuation, and Refresher Training

To access FM systems, additional training may be required. The functional financial system information owner must establish and enforce training prerequisites. Information owners are the organization or entity responsible for the underlying business processes supported and products produced, by the system. Training requirements will be based on the roles and permissions granted for each user type.

Additionally, many financial managers will be considered Defense Accountable Officials (DAO). DAOs must understand appropriations law so they can detect, prevent, report and control Anti-Deficiency Act violations. These individuals will complete and maintain fiscal law training. Fiscal law training must be renewed every three years, and it can be accomplished via several different methods, to include MAAWS and the FM Body of Knowledge computer-based training (CBT).

Each RCM and RA should receive follow-on training after satisfactory completion of initial training. The Comptroller assigns the FMA office with the task of providing continuation and up-to-date training to RAs. RAs are responsible for providing continuation and refresher training to CCMs.

This training should keep personnel proficient in current management policies on effective use of resources and it should be tailored to local needs. This training can be either formal or informal depending on the nature of the training required, the number of people involved and the training environment.



Training Methods

You can accomplish training in a number of ways. Do not view any one method as the only way to perform training; instead, use a blend of the following methods in the table below:

Method	Instructions
Financial management committee presentations	Use committee presentations to discuss, establish, and review policies or procedures. You may devote small

Method	Instructions
	<p>segments of the committee meetings to clarification or review of specialized topics.</p>
Classroom or group presentations	<p>You may use this approach for initial and specialized training. Ideally, the groups should be small (fewer than 25). In this way, you can cover the material and have a controlled discussion among the members of the group.</p>
Individual presentations	<p>Individual presentations suit both categories of training. Sometimes you provide this type of training without realizing its training. We use this type of instruction to train new RCMs and RAs or to address individual problems. It is not practical to document all individual training; however, for significant efforts, prepare a memorandum for record.</p>
Written training aids	<p>Pamphlets, handouts, checklists, and newsletters can be extremely valuable to RCMs and RAs. Tailor the training aids to the user. Strive for brevity while highlighting key features. Just give them the major points, do not add unnecessary material, and make the</p>

Method	Instructions
	material interesting as well as eye-catching.

Administrative Management of the RMS Training Program

Proper documentation is key to the RMS training program. Be sure to properly document all subjects to prevent unnecessary training duplication. The FMA office is responsible for maintaining RMS training records for RCMs and RAs. Respective organizational RAs are responsible for maintaining CCM's records. You must keep training records current; it should capture initial RMS and recurring trainings. The records will show date of training, length of training period, name of the training and subject or subjects covered.

Training letters and certificates are acceptable proof of initial RMS training completion. In fact, maintaining training documentation is your proof that you provided training. You can use this documentation to prove you provided RMS training when an individual relocates.

Understanding RMS duties and the completion of RMS training are essential to the final topic in this section, which covers the financial corporate board process: the Financial Working Group (FWG) and Financial Management Board (FMB).

Financial Corporate Process

Traditionally, funding never matches requirements. For example, if you need \$10K for your program and you receive \$8K, then your program is short \$2K. As a result, to complete the mission, a reduction in the scope of certain programs become necessary. Coordination on these decisions should occur to determine priorities. This coordination effort should be the collective action of a commander and supporting staff functioning as a committee.

The financial corporate board approach achieves the most balanced application of resources. each base has a formal financial management structure consisting of two financial committees:

1

Financial Working Group (FWG)

2

Financial Management Board (FMB)

In smaller organizations, both the FWG and FMB may form a single committee.

Financial Working Group (FWG)

RAs and RCMs make up the FWG. The FWG is charged with developing budgets and execution plans for organizations and programs. They monitor the daily use of resources and manage commodities and resources integral to operating activities of the base or unit.

FWG meeting convene at a minimum of once per quarter to support the decision process of the FMB. The financial analysis office prepares meeting minutes and files them in its office.

RAs from the functions listed in the table make up the core member of the FWG. The actual makeup of the member is at the discretion of the chairperson and may vary based on local management needs.

Function	Position
Financial Analysis Officer	Chairperson
Operations Group RA	Member
Mission Support Group RA	Member
Maintenance Group RA	Member
Medical Group RA	Member
Civil Engineering	Advisor
Contracting	Advisor

FWG Responsibilities

The FWG develops requirement for inclusion in the base operating budget and O&M execution plan and revisions. The preparation of operating budgets is a vital part of the overall financial management process. Operating budget estimates represent the total amount required to complete assigned missions and approved programs. Originations list financial requirement in order of priority to meet the mission objectives. Prioritizing requirement provides for a balanced program of mission and support requirements.

Reviewing operating budgets achieves a high degree of Credibility. This is only possible through an in-depth and objective analysis by the FWG. Members of the FWG are agents of the commander as well as representatives of their parent activity, during the review.

The FWG identifies unfunded requirements, establishes a recommended priority, and presents them to the FMB for review and approval. When resource distribution imbalances occur, the FWG recommends adjustments or redistribution of O&M execution plan targets between RCs. This action requires FMB approval. Responsibilities of FWG members also include:



Participating in the development of requirements for base operating budgets and all other appropriated funds.



Representing their organizations on matters concerning distribution of quarterly and annual operating budgets to the RC level.



Offering technical guidance to activities concerning the use of resources for which they have primary responsibilities.



Monitoring budget execution by reviewing obligation data to make sure that quarterly and annual programs are adequate and accurate.



Making recommendations to the FMB when reprogramming or when other management action is necessary.

The FWG is the key to developing financial program priorities and formulating recommendations to the FMB.

Financial Managment Board (FMB)

The host or senior commander at each base establishes the FMB. The FMB determines program priorities and distributes resources in the most effective manner.

The chairperson is responsible for convening the FMB. The recorder prepares FMB minutes.

The FMA office files the original and provides a copy to both the FMB and FWG members.

When appropriate, RAs and program managers sometimes attend meetings as the technical advisors. They provide detailed data so that the FMB can make sound decisions based on FWG's recommendations.

Top-level managers (i.e., Group Commanders) compose the FMB with membership tailored to the type of organization structure involved. Additional membership is at the discretion of the FMB chairperson. A typical FMB composition is identified in the following table:

Staff	Position
Commander	Chairperson
Operations Group Commander	Member
Maintenance Group Commander	Member
Mission Support Group Commander	Member
Medical Group Commander	Member
Comptroller	Member
Financial Analysis Officer	Advisor

FWG Responsibilities

The FMB reviews, approves, or disapproves recommendations made by the FWG, taking into consideration all known anticipated program requirements. The board must make sure financial programs are correct and recommendations represent a balanced program.

The decisions of the FMB cover the overall programs of the base. Such decisions determine how effective utilization of resources assists in executing these programs. These decisions evolve from the review and evaluation of the operating budget and O&M execution plans or revisions. An FMB bases its decisions on the recommendations made by the FWG on the distribution of operating budget targets to base organizations. The decisions also identify and rank unfunded requirements and other actions affecting the financial operations of the base. The FMA office presents financial data to the FMB in proper detail. FMA must do this to be sure of effective observation of execution versus planned programs.

The responsibilities of FMB members also include:



Reviewing requirements for approved programs and activities and making sure that the estimated costs and justifications are complete.



Reviewing and approving the distribution of quarterly and annual targets as prescribed by budget directives.



Identifying programs that must be deferred or reduced. They must also identify programs to cut out or move to the unfunded portion of the operating budget.



Evaluating and listing unfunded items in order of priority.

Briefing the Financial Committees

Over the course of your career in financial management, you may be called upon to deliver briefings to the financial committees. When briefing the financial committees, it is important to present relevant information that provides a current SQE and anything that will require decision authority. Decisions to reduce, defer, eliminate programs or to prioritize programs should be reviewed at the FWG and presented to the FMB for decision. It is required to record and document these meetings.

Analysis of a Budget Program

The FMA office provides an estimated cost of Air Force programs to help commanders administer all available appropriated funds. They work with organizational managers at each level of command to create execution plans for expected costs, tracking the actual execution of these costs over time in the future year.

Continuing analysis should be conducted during the monthly report review process, usually at end-of-month and prior to the FWG meetings. This will show how actual expenses and

obligations are progressing compared to the annual/projected funding. One thing that conducting a monthly analysis does is identify overages and shortages. Analysis conducted monthly will help prepare for major execution drills like the Budget Execution. Before the beginning of the new fiscal year, units will provide their Budget Outlays Governing Execution Year (BOGEY), this will eventually be the appropriations bill passed by Congress.

Budget Program Analysis

Program analysis of consolidated budget data helps us determine whether actual operations are in line with planned operations from a financial perspective. Program analysis is critical in determining necessary adjustments in operating budgets to keep approved expense authority consistent with actual and planned operational programs.

Through proper program analysis, the Commander's funds are expensed in accordance with operational and financial execution plans. FMA identifies problems early on and addresses them to the Comptroller who may request additional funds from higher headquarters or cut other base-level requirements. The RAs and FMA analysts provide thorough research and analysis to help decision makers arrive at intelligent and mission-focused decisions to resolve resource challenges.

Without a program analysis concept in place, several problems occur. One example is a unit exceeding their annual authority, leading the base Commander to reprogram from other units to cover the over-spending. If this reprogramming cannot cover the expenses, the result is a potential Anti-Deficiency Act (ADA) violation.

Steps to Perform a Program Analysis

Below quarterly amounts are cumulative.				
Annual				
<u>Approved Funding</u>	<u>1st Qtr Target</u>	<u>2nd Qtr Target</u>	<u>3rd Qtr Target</u>	<u>4th Qtr Target</u>
\$100,000	\$25,000	\$50,000	\$75,000	\$110,000
	Actual Quarterly Expenditure : \$35,000 (1st Qtr)			
	Difference:<\$10,000>			

The rest of this module will explain the steps required to perform a program analysis. They are:

1. Define the Program
2. Compare Planned versus Actual
3. Identify Deviations
4. Identify Cause and Impact of Deviation
5. Develop Recommendations
6. Present Results

Scenario: The Transportation Squadron received the below annual funding for vehicle maintenance. Use this as you review the program analysis steps.

Step 2

1. Define the Program

This is a three-step process. The first step in program analysis is deciding what is being analyzed; what is the program? In step two, ask what the program should include and exclude. Once this is complete, translate this into the coding structure. For example, what cost centers, object classes, and fiscal years need to be looked at? This structure will identify the information in the report.

Response:

- Step 1: The program is Vehicle Maintenance.
- Step 2: This will include the supplies for doing vehicle maintenance and excludes civilian pay.
- Step 3: Vehicle maintenance includes Cost Center: 372440 & all Object Classes excluding those beginning with 1 (excluding all Civilian Pay Object Classes)

Step 3

2. Compare Planned versus Actual

Organizations always plan their execution throughout the year, and this comes in the form of a “spend plan”. This is a schedule of execution throughout the fiscal year for the projected funding targets the organization will receive. Analysts compare these spend plans (planned spending) with the gross obligations (actual spending) to determine the program status. If gross obligations are greater than the planned spending, there may be an overage (overspent organization). If the situation is in reverse, there could be a slippage (underspent organization)

Response: With the 1st quarter complete, \$35,000 has been spent out of a \$100,000 annual program. Comparing the planned versus actual, Vehicle Maintenance planned for \$25,000, but their actual spending was \$35,000.

Step 4

3. Identify Deviations

The next step is to identify where the program has significantly deviated from the planned targets. A deviation is not always bad, but good or bad, it needs to be researched. Deviations are expressed as a percentage obligated versus percentage of mission accomplishment. Sometimes determining the mission accomplishment can be difficult, especially as an analyst in the FMA office. Working with resource advisors and personnel within the organization is critical to determining mission accomplishment. For example: If you are determining the mission accomplishment of a Vehicle Maintenance budget, you will need to ask the resource advisor how many vehicles they service on average per year, then look at how many they have serviced so far. If they service on average 100 vehicles per year, and have serviced 35 so far, then the mission accomplishment would be 35%.

Response: Assuming that the mission currently is at 35% complete, there will be no deviation. However, if 25% of the mission is complete, there is a 10% deviation because 35% of the money was expensed ($35,000/100,000 = 35\%$).

Step 5

4. Identify Cause and Impact of Deviation

What happens when a target is missed or when costs for a particular program are significantly above or below the planned target? If spending has exceeded the planned target, it is possible that:

- The program is ahead of schedule.
- They are spending more money than they should.
- The program is costing more than planned (costs have escalated).

Whether or not the spending has exceeded the planned target, FMA must compare the mission accomplishment and cost data to determine the impact of the deviation. If costs are below planned target, and the mission performance is ahead of schedule, then the analyst may need to estimate how much a surplus the organization will have. If costs are greater than planned targets and mission is slipping (decline in performance) or even meeting normal standards, then they may need to determine the deficit. In either situation however, organizational managers and financial analysts need to work together to find out the 'why'.

Some questions that may be asked in the example when determining the impact are:

- Does the deviation impact the ability to fix assigned vehicles?
- Does it mean the Transportation Squadron will not be able to maintain vehicles during the last 3 months of the year?
- Does it simply mean that the mission is ahead of schedule?

FMA personnel, in conjunction with the Responsibility Center Manager (RCM/Unit Commander) and Resource Advisors (RA) must determine what the deviation means to the organization.

Response: If 35% of the programmed number of vehicles for the year have been maintained, they are in good shape as the program has accelerated a bit. However, if only 25% of our annual requirement is contracted for and 35% of their money is spent, they are in trouble. At this point, the analyst contacts the RA to determine the cause. The analyst asks the following questions:

- Are some maintenance jobs costing more than planned?
- Is more maintenance required than expected?

For the purposes of our example, Vehicle Maintenance has maintained 35% of the fleet. The program has accelerated; therefore, no action is required.

5. Develop Recommendations

FMA personnel develop recommendations to effectively deal with the impact of the deviations. This can involve changing the spend plan (reprogramming), increasing organizational management controls to spend more/less money, requesting additional funding for new mission requirements, or creating an unfunded request (UFR). There is no 'one size fits all' answer for this process, and it is expected that analysts provide multiple solutions for decision makers to pick from. In order to generate quality recommendations, FMA personnel consider all overages (programs costing more than was planned) and slippages (programs not performing on schedule or money not obligated) across the wing to find the best reprogramming or unfunded request solutions.

Careful planning, measuring planned vs. actual performance, and taking vigorous follow-up action are accomplished continuously. Further, analysts must be aware of MAJCOM policies on over and under spending in particular programs.

Some common scenarios and considerations include:

- Should Government Purchase Card (GPC) rebate dollars be pulled to keep other base programs operating smoothly.
- Can non-mission essential TDYs be cancelled or reprogrammed to an unfunded requirement?
- Can the landscaping or laundry service contract be reduced or not renewed when it expires?

These are valid questions every analyst may encounter and will have to consider when providing recommendations. One thing to remember is all recommendations must follow priorities and guidance established by laws, DoD and DAF publications, MAJCOM and local guidance and sound fiscal policy.

Response: Monitor obligations and mission to ensure they maintain consistency.

Step 7

6. Present Results

At installation level, FMA and FWG members prepare an analysis for SoF reports and related base programs continuously. Results of the analysis are presented to the commander and key staff members monthly. It is mandatory that a SoF report be submitted each quarter. This mandatory report is presented to the FMB which the Wing CC chairs. This presentation gives senior leadership a clear picture of the status of all base programs and often, explanations will accompany any program deviations. This tool can effectively highlight programs underspending or overspending that require assistance at higher levels to resolve.

As an analyst most, if not all, of your recommendations will be presented at one of the monthly or quarterly meetings mentioned above. Most major reprogramming actions and funding of unfunded requirements are presented through the FWG & FMB for approval. Some reprogramming or funding decision may require MAJCOM or higher level of approval. Analysts must understand the decision authorities required for each recommendation provided.

Response:

- Brief at FMB
- Brief at FWG
- Send Status of Funds to Wing CC


CONTINUE

Lesson 2 - Operations and Maintenance Execution Plans

- Without reference, identify basic facts and terms about Operations and Maintenance Execution Plans IAW prescribed publications and guidance

Overview

- **Flying Hour Program**
- **Official Representation Funds**
- **Travel / Transportation**
- **Purchase Services**
- **Utilities**
- **Communications**
- **Rents/Leases**
- **Sustainment, Restoration, and Modernization (SR&M)**
- **Miscellaneous Contract Services/Purchases Maintenance**
- **Supplies and Equipment**



Non-Flying DLRs Civilian Pay Submission



0:40

1x



The role of a financial analyst is to prepare a base or unit to perform its mission within tight fiscal restraints. Therefore, understanding what or how to develop an execution plan will enable technicians to execute funds for the mission. Additionally, analysts will defend and justify the O&M execution plan before the installation's Financial Management Board (FMB). The board process will be discussed later in the course. In this lesson, we will tackle many facts about the execution plan and the submission process.

O&M Execution Plan

The Execution Plan (Ex Plan) is a complete plan of action to depict how a base or a MAJCOM will complete its financial mission during the next fiscal year. The Ex Plan that base level creates will flow back up through the chain and serve as a guide during testimonies and deliberations at the House and Senate Subcommittee meetings for the authorization and appropriation bills. Since the Ex Plan is created from the bottom of the organizational structure upward, the FMA office will have a direct impact on what funds the Air Force, MAJCOM, and, finally, the installation receives. All parties put a great deal of work into the Ex Plan; this is why it is essential to continually monitor the status of funds across the base and make sure they stay in line with the plan. Below is an example of how an Ex Plan comes together.

Execution Plan Flow:

Date of Event	Action	OPR
3 Mar XX	Receive Call	FMA
5 Mar XX	Instructions/Call to Group RAs	FMA
6 Mar XX	Courtesy E-mail to Group Commanders	FMA
6 Mar XX	Execution Plan Financial Working Group (FWG)	FMA
14 Mar XX	Final BOGEY to Group RAs	FMA
24 Mar XX	Execution Plan to FMA from Groups	Group RAs
31 Mar XX	Draft Commanders (CC) Statement to Command Section (optional)	FMA
18 Apr XX	FWG Recommendation	FWG
21 Apr XX	Financial Management Board (FMB) Approval	FMB

CONTINUE

Bogey Concept

The present position of the nation's economic resources does not allow Congress to appropriate funds in amounts adequate to finance all requested programs. Thus, the Air Force has developed a procedure to help bases in planning the use of available funds. The Air Force uses the "bogey concept" to provide for this planning and bring the financial planning process into sharper focus. In our discussion, we must consider forecasted fund availability and a balanced budget.

Forecasted Fund Availability

The bogey represents a lump sum dollar amount used as a target for skillful and accurate planning toward a future point in time. At or about the same time, the Air Force issues the call to commands, and later to installations, SAF/FMB gives each command a bogey. Each command then issues a bogey to all subordinate units. At this point, Congress has not appropriated the funds that the Air Force will receive beginning the next October. This means the bogey is a forecasted availability of funds. The purpose of this distribution of anticipated fund availability is to allow commanders the earliest possible opportunity to reconcile their requirements with forecasted fund availability.

Process of Call Issuance

The SAF issues the USAF Call to the MAJCOMs in January about the same time Congress gets the annual budget. This USAF Call is for the same fiscal year as the budget request Congress is considering. The Office of Management and Budget (OMB) and DoD coordinate on the instructions contained in the USAF Call. This call permits the USAF to have the necessary data to respond appropriately to the needs of the DoD.

The call contains instructions, guidelines, policies, and assumptions for the preparation of the O&M execution plan. For instance, these instructions include the suspense dates for the submission, formats for stating and justifying requirements, exhibits, and mechanized estimates. Also included in the instructions is how to merge the submission and place it in the proper sequence.

The annual calls for the O&M execution plan contain unique guidance and instructions for the fiscal years and submission. The SAF/FMB Call includes instructions for mechanized submissions. MAJCOM and field operating agencies (FOA) may add instructions of their own to the Secretary of the Air Force (SAF) Call.

The instructions will guide you in developing the O&M execution plan. The O&M execution plan implements a paradigm shift from explaining/defending unfunded requirements to clearly articulating risks and/or impacts based on existing funding. The primary objective of the Execution Plan is to create a plan that answers the following questions:

1. What capabilities are being funded?

2. What capabilities are not being funded?
3. What tradeoffs did you make?
4. What are the risks and impacts?

Role of the Financial Analysis (FMA) Office

Many consider personnel in the financial analysis office as experts. Assigned responsibilities include the development and revision of the annual O&M execution plan. These developments and revisions are done with the base organizational managers and their RAs. Financial analysts must instruct and guide their managers and RAs in preparation of budget requirements. The FMA office then reviews and confirms the accuracy and justification of the inputs. Then, the analyst combines these inputs into the base O&M execution plan. To perform these assigned responsibilities effectively, financial analysis personnel must be very familiar with the many functional areas and functions on the installation.

Preparing the O&M Execution Plan

Every O&M dollar spent should provide for readiness. The Air Force must have adequate O&M funding, which translates into adequate weapons system support, people programs, and facilities. Since we use O&M funds to support our mission, we cannot overstate the importance of ensuring proper, accurate, and comprehensive narratives to ensure adequate funding for your day-to-day operations.

Consolidating and Validating Financial Requirements

From the lowest level to the highest, we develop and combine all financial requirements on the building block concept. Therefore, a Responsibility Center (RC) at the base level will receive its information from its Cost Center Managers (CCM) and will combine all CCM submissions at the OAC & OBAN level.

If the financial analysis office has provided detailed information, training, and help to the individual RCs and RAs, combining base-wide submissions is simple. You must validate all submissions before and during consolidation.

Writing the Narrative Justification

The narrative justification pulls the operating budget together and vividly portrays the mission programs that the requested funds will support. If you write justifications, you must be

technically knowledgeable and translate your technical knowledge into clearly written justifications. Use the following guidelines when writing justifications.

Do	Do Not
Use fresh, vivid words.	Use flat, stale, trite words.
Be specific.	Generalize.
Be truthful.	Exaggerate.
Be courteous.	Write provocatively.
Use plain English.	Use technical jargon.
Explain words, abbreviations, and so forth.	Use code words and abbreviations, and so forth, without explanations.
Relate requirements to programs.	Explain requirements solely in dollar terms.
Tell what, why, when, where and how.	Skimp on explanation.

Why write a justification?

The primary purpose of preparing an operating budget is to tell higher headquarters how much money you need to carry out your mission. It is best practice to tell them what you need it for. You must also tell what the impact will be if you do not receive the amount requested. A well-written impact statement demonstrates a need. You need compelling narrative explanations before MAJCOMs release the funds you require. These guidelines also apply to any of the numerous unfunded requests your wing will submit throughout the fiscal year.

Financial Management Board (FMB) Review

FMA must submit the O&M execution plan to the FMB for approval. FMA should be ready to

defend and justify requirements to the board. The FMB must review the requirements for approved programs to ensure that estimated costs and justifications are factual and complete. The FMB approves the programs as recommended or identifies necessary changes to these programs to ensure mission accomplishment. After determining the funded programs, the members must note the programs to be deferred, reduced, cut, or moved to the unfunded portion of the O&M execution plan. The board must then approve the priorities of these unfunded items and any other requirements presented in the submission that requires ranking. After the FMB completes the review, the financial analysis office must correct any changes in the O&M execution plan resulting from the FMB review before submission to MAJCOM.

Submission

After receiving FMB approval, you can submit the budget to your MAJCOM with all required documentation by their set suspense date.

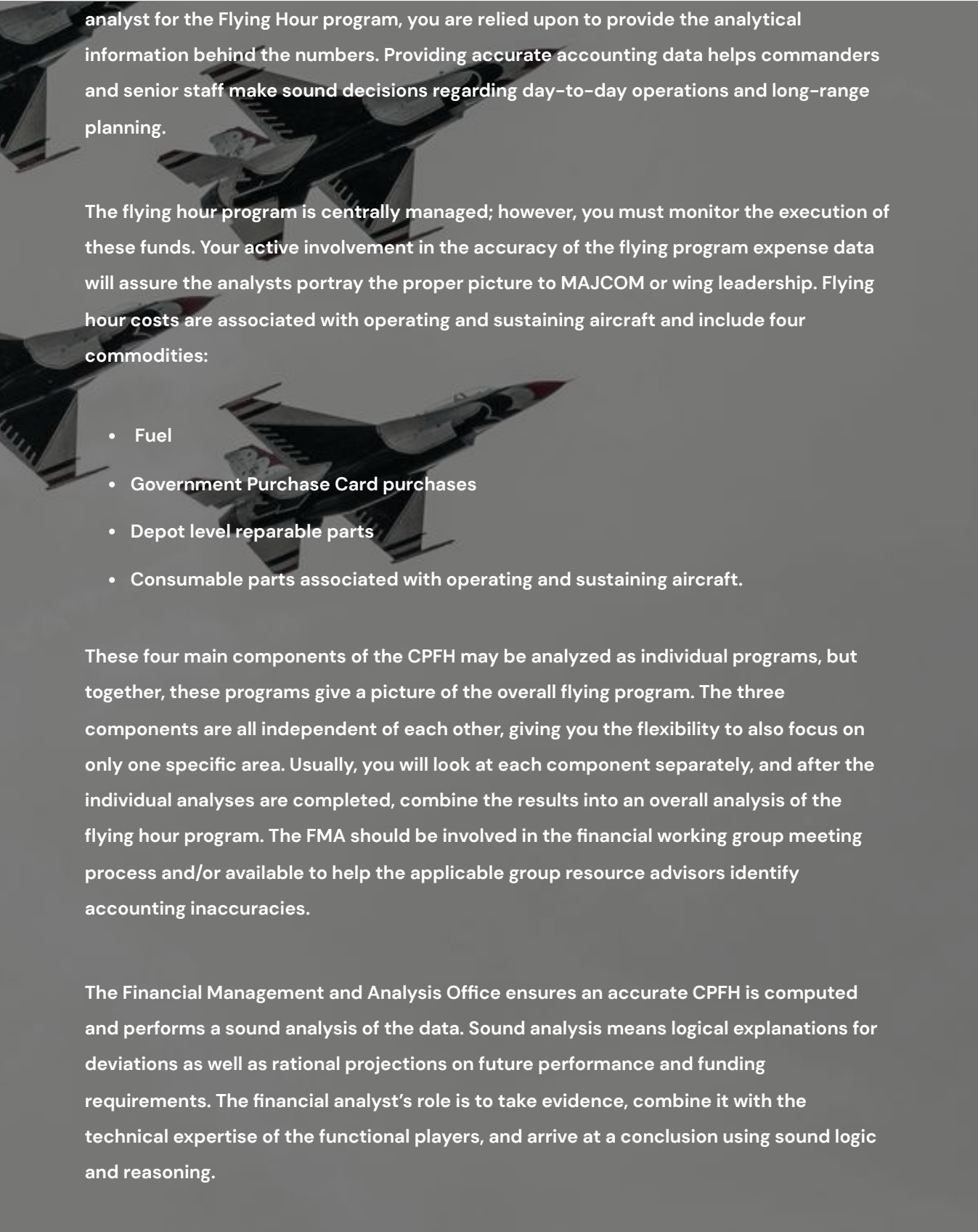


Complete the content above before moving on.

Flying Hour Program

The Air Force Flying Hour Program (FHP) is a requirements-based, peacetime program consisting of the flying hours necessary to train aircrews to safely operate aircraft while sustaining them in numbers sufficient to execute the core task as well as experiencing or aging requirements for aircrew management. Major wing operations will typically involve support for a flying-hour mission. Because the Flying Hour program represents the largest portion of the O&M budget, its funding presents full funding that supports the approved hours in the upcoming President's Budget. The current pricing of the flying hour program reflects the projected cost but will be reassessed as needed.

The cost per flying hour (CPFH) is more than just an expression of the costs of flying an aircraft. It is a subprogram within the overall financial management program. It focuses on all aspects of air operations. Calculating the CPFH (which includes other calculations such as consumption rates, projections, etc.) is only one aspect of the program. As the financial



analyst for the Flying Hour program, you are relied upon to provide the analytical information behind the numbers. Providing accurate accounting data helps commanders and senior staff make sound decisions regarding day-to-day operations and long-range planning.

The flying hour program is centrally managed; however, you must monitor the execution of these funds. Your active involvement in the accuracy of the flying program expense data will assure the analysts portray the proper picture to MAJCOM or wing leadership. Flying hour costs are associated with operating and sustaining aircraft and include four commodities:

- Fuel
- Government Purchase Card purchases
- Depot level reparable parts
- Consumable parts associated with operating and sustaining aircraft.

These four main components of the CPFH may be analyzed as individual programs, but together, these programs give a picture of the overall flying program. The three components are all independent of each other, giving you the flexibility to also focus on only one specific area. Usually, you will look at each component separately, and after the individual analyses are completed, combine the results into an overall analysis of the flying hour program. The FMA should be involved in the financial working group meeting process and/or available to help the applicable group resource advisors identify accounting inaccuracies.

The Financial Management and Analysis Office ensures an accurate CPFH is computed and performs a sound analysis of the data. Sound analysis means logical explanations for deviations as well as rational projections on future performance and funding requirements. The financial analyst's role is to take evidence, combine it with the technical expertise of the functional players, and arrive at a conclusion using sound logic and reasoning.

Official Representation Funds

The administrative assistant to the Secretary of the Air Force (SAF/AA) oversees all official representation funds (ORF). They provide the annual ORF allocation, to include the administrative and fiscal limitations to designated authorities within the Air Force O&M appropriations.

When a unit requires ORF funding, the requests will be submitted through the resource directorate or office of administrative assistant to the Secretary of the Air Force (SAF/AAR) for SAF/AA approval. If deemed appropriate, the funding will be approved for events with a designated ORF portfolio. Any circumstances that are not outlined in the ORF guidance must be approved by the SAF/AA in advance.

Designated authorities must budget and account for resources to support all ORF requirements. They must ensure all personnel involved in ORF events understand and comply with fiscal law and relevant guidance. Expenditures purchased with ORF funds must serve policy objectives of the United States and in the best interests of taxpayers. The designated authorities may delegate hosting responsibilities in writing and must be delegated to the highest-grade individual possible. When approved, the letter authorizing the use of ORF are kept on file in the Comptroller Squadron. Official representation funds can be used for luncheons, dinners, receptions, mementos, and other participation expenses at DoD-sponsored events.

Travel and Transportation

O&M funds also cover certain travel and transportation expenses. O&M can cover TDY travel when other means of conducting businesses (such as telephone calls or video teleconferencing) are unavailable or cannot meet the mission's needs. Approval of a TDY travel order or authorization, by the Travel Approving Official, certifies that travel is required and that other means are not sufficient to accomplish the mission. Government-funded travel and transportation are used only when officially justified and by the means that meet mission requirements consistent with good management.

Civilian permanent change of station expenses are also covered by these funds. This includes guard and reserve permanent change of station.

When these requirements are not captured on the execution plan, a unit runs the risk of degrading training and/or mission capabilities. For example, if the execution plan did not account for civilian PCS travel a critical position could end up not being filled. Civilian PCS's involve several extensive vouchers from the travel itself to the relocation income tax allowance. To give a better example: civilian PCS real estate vouchers can pay upwards of \$40,000. For some units, this is an entire year's budget (or more).

Keep in mind that not all TDY travel is unit funded. The Department of the Air Force Manual 65-605v1 covers funding methods for specific situations. For example, formal training TDYs to attend schools are funded by Air Education Training Command (AETC).

Execution Plan preparers can use historical data to build an estimate for current and future FY requirements. Preparers should also attempt to forecast any known reoccurring TDYs and PCS travel.

Purchase Services

Utilities

The Base Civil Engineering (BCE) Squadron is responsible for maintaining all the base's utilities. At the beginning of the fiscal year, the responsible squadron builds an agreement for each reimbursable customer in DEAMS. This agreement will be used to track the monthly reimbursements through the stages of accounting for the entire FY. For IPAC customers, the agreement is built against the MIPR that is provided from the customer. For public/advance pay customers, the agreement is built against an assigned SDN number.

The local utility companies bill BCE monthly for the utilities used by the entire base. BCE O&M funds are used to pay the utility companies. BCE determines how much of the total bill should be charged to each of their customers. Once the actual amounts are calculated, BCE attaches documentation to the agreement in DEAMS for the Receivables Branch to identify the amount each public customer owes. Billing events are processed in DEAMS by the squadron technician

for the IPAC customers. Civil Engineering customers include tenant organizations, individuals, and commercial enterprises on the base including AAFES.

Communications

Communication equipment, especially telephone services, is like utilities. At the beginning of the fiscal year, the Communications Squadron builds an agreement for the reimbursable customer in DEAMS. For IPAC customers, the agreement is built against the MIPR that is provided from the customer. For public/advance pay customers, the agreement is built against an assigned standard document number (SDN).

The local telephone company bills the base for telephone services. The Communications Squadron pays the entire bill using O&M funds. They use the bill to calculate the actual charges for each customer. The Communications Squadron attaches the actual amounts to the agreement for the Receivables Branch to process for the public customers. Billing events are processed in DEAMS by the squadron technician for the IPAC customers.

Rents and Leases

All rents and leases must be captured on execution plan (if applicable). The analysis flight will work with real property office within Civil Engineering (CE) to gather the requirements for the property. One example is land leases for the Red Flag exercise hosted by Nellis AFB. The land used sits outside of Indian Springs, Nevada and is used for aerial gunnery and bombing for missions and exercises at Nellis and Creech Air Force Bases (AFBs). Refer to Department of Air Force Instruction 65-605v1 and Air Force Instruction 32-9001 for rent and leasing requirements.

GSA is the primary leasing agent for the United States; however, the Air Force may enter into leases up to 12 months using O&M funds when it is not possible to arrange lease of buildings and/or facilities through GSA. The Air Force may acquire direct leased space for the following categorical uses as delegated by General Services Administration (GSA) in title 41 of the Code of Federal Regulations (CFR) part 102-73.155.

Examples of allowed leases:

- Hangars and other airport operating facilities including, but not limited to, flight preparation space, aircraft storage areas, and repair shops
- Housing (temporary), including hotels (does not include quarters obtained pursuant to temporary duty travel or employee relocation)
- Family Housing (FH) Lease. FH leases are authorized and budgeted through Military Family Housing (MFH) authorities
- Hospitals, including medical clinics

Sustainment, Restoration, and Modernization (SR&M)

Sustainment, restoration, & modernization (SR&M) are O&M funds used by CE to sustain, restore, and modernize an installation's real property assets. These items are defined as work categories by CE and identified with sub activity group XX1R. These funds have a floor limitation identified on funding document.

Sustainment

The sustainment work category provides resources for annual maintenance and scheduled repair activities to maintain the inventory of real property assets through its expected service life. SR&M includes regularly scheduled adjustments, inspections, preventative maintenance, emergency response, service calls for minor repairs, major repairs or replacement of facility components that are expected to occur within facility life cycle. Examples include regular roof repair, and repair or replacement of heating and cooling system.

Do not use SR&M for storm damage (unexpected damage) or non-attached equipment, furniture, building components that typically last more than 50 years (such as foundations).

Restoration

The restoration category includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster (storm damage), fire, accident, or other causes.

Modernization

The modernization category is for alteration of facilities solely to implement new or higher standards (including regulatory changes) or to accommodate new functions. For example, replacing existing lighting with more efficient system before end of useful life (installing LED light system before florescent system's useful life expires)

Centralized and De-Centralized

All projects are listed and approved at the installation's Facilities Board (FB). Once projects approved at the FB, CE will determine which funding will be approved. Work with CE on determining the project amount threshold. The threshold will determine whether the project is centralized or de-centralized.

Centralized

—

1. Air Force Civil Engineering Center (AFCEC) funded
 - a. Provides funding to installations for all AFCEC approved projects
 - b. Provides business rules for AFCEC program

De-centralized

—

MAJCOM/AF Installation Mission Support Center (AF IMSC) funded SR&M projects (below AFCEC

approval threshold)

Miscellaneous Contract Services

Other contractual services are not covered under maintenance. Let's take a look at the applicable object sub class for contractual services:

Object Sub Class	Type
252.22YO	Miscellaneous contractual services, including laundry and dry cleaning services. This also includes contract operations for ground electronics and storage of household goods other than PCS. This area also includes registration fees for attending technical conferences and seminars. These services include mess attendants' contracts and all others not otherwise classified in other accounts—4XX, 5XX, or 6XX expense accounts
253.14Z6	Medical transfers. This includes accounts for refundable or reimbursable charges to Air Force medical activities for the cost of real property maintenance and services done by CE. This Object Sub Class identifies both the "charge to the medical activity and the credit to the civil engineering activity."
252.23ZA	Payments to military personnel for incentive awards and clothing allowances. This includes accounts for payments to military personnel under the incentive award program and for clothing allowances.

Purchased maintenance of equipment

The equipment inventory of the Air Force staggers the imagination. However, as financial analysts, we seldom get involved with the formulation of requirements for complete aircraft, aircraft support equipment, computer hardware, and so forth. However, either in-house

capability or contract services are essential players in keeping equipment repaired and ready for use. This is how we maintain our readiness posture. Object sub Class 257.23W1 provides the contract services to repair equipment. Examples of such equipment, other than installation processing equipment, that we may contract for include the following:

- Aircraft
- Missiles
- Motor vehicles
- Aerospace ground equipment (AGE)
- Communications and electronics
- Aircraft accessories
- Furniture and appliances

Supplies and Equipment

Supplies and equipment execution is normally executed with Government Purchase Card (GPC) or through AF Form 9. When developing the execution plan, analysts use historical data, as it tracks the general consumption of resources by the organization.

Typical supplies and equipment seen in FMA are:

- Information technology equipment
- Printer Paper
- Pens
- Cleaning Supplies

Who gets billed for supplies and equipment being purchased can change depending on the purpose. For example, the Department of the Air Force Manual 65-605v1 states that supplies or equipment required for medical contingency operations or other military operations are charged to the host base operation and maintenance fund.

Non-Flying Depot-Level Repairables (DLRs)

Non-Flying DLRs are any items that are repairable but do not support the Flying Hour Program. Preparing the execution plan for these items is a two step process. First, DLR items are purchased using the defense working capital fund (DWCF), where a depot maintains a bench stock. Then, the MAJCOM uses Operations and Maintenance (O&M) dollars to reimburse the defense working capital fund (DWCF) for repairs. This is called "after the fact funded (ATFF)."

Civilian Pay

Let us now cover how you develop financial requirements. RAs are an essential source of information. However, you must keep in mind that the financial analysis office has specific responsibilities to these RAs. Many of the RAs may not be as knowledgeable as you are in budgetary matters. They may not know how to develop their requirements. Therefore, the financial analysis office must provide training on the concepts and procedures to develop financial requirements. In this section, you will learn basic facts about the civilian pay program.

Regarding budget execution, civilian pay is a "must pay" program that covers the payroll expenses for DoD civilian employees. The cost of employing civilians includes more than just the amount of their paychecks. There are benefit costs, other compensation, and clothing allowances. There may also be costs for an authorized civilian PCS to fill a particularly critical vacancy when a qualified individual is not in the local candidate pool. Civilian personnel costs are not always included in the execution plan. MAJCOMs often calculate them based on current actual expenses, usually later in the year. However, the MAJCOM determines whether these costs are included in the execution plan.

There are two categories of civil service employees. The groups are General Schedule (GS) and Wage Grade (WG). We will discuss the various entitlements for each group. The table below gives a description of each group:

Group	Description
General Schedule	The term general schedule describes employees who fill professional, executive, and technical positions. An all-inclusive pay raise for GS employees takes an act of Congress. GS employees of like grade and step level receive the same rate of base pay, regardless of duty location.
Wage Grade	Federal WG employees perform crafts, trades, maintenance, and custodial jobs. Congress does not provide pay raises for these employees. Instead, the DoD conducts periodic wage surveys to determine the average salaries of these tradesmen in a given area and the services then adjust pay rates administratively to conform to the new hourly wage levels in the job location areas.

Types of Expense

There are many types of expenses involved in these civilian payrolls; however, all civilian expenses will have an Object Sub Class that begins with "1". Below are a few common Object Sub Classes:

Permanent – Graded Civilian

Object Sub Class–111.00RG consists of payments for services for a permanent graded GS employee.

Object Sub Class

Use the following Object Sub Classes to differentiate between types of civilian pay and benefits.

Object Sub Class	Types
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111.OOLY	Time Off Leave Award
121.OO22	Civilian Clothing
111.OOLE	Holiday on Call

Developing requirements

Usually, the MAJCOM computes civilian pay requirements based on authorizations and historical data, providing the work year costs. The use of fund authorizations and work year allocations are the responsibility of the civilian employment and cost management committee. However, as a financial analyst, you must know the basics of civilian pay.

Component	Description
Compensable Hours	These hours are basic regular hours upon which compute an employee's basic or regular pay. They include periods of annual or sick leave and time off for legal holidays for which an employee is paid. You exclude overtime or other premium pay hours. A fiscal year has either 2080, 2088, or 2096 total compensable hours.
Work Years	A work year is one employee being in a pay status for a certain number of payable hours in a fiscal year. A work year is also more than one employee being in a pay status part of the year and the compensable hours equal a fiscal year.
Work Year Equivalents	This represents the portion of a total work year actually used during any fractional part of the fiscal year. A work year is equal to the total of the work year equivalents for a given fiscal year.

The financial and statistical data in the civilian manpower and funding report serves as the basis for budget and apportionment estimates. You use this report for reporting to the Office of Management and Budget (OMB) and Office of the Secretary of Defense (OSD). You also use this information for monitoring budget activities at base, command, and departmental levels. The report provides a summary of current month personnel costs and computes work year equivalents for each month.

Submission

Department of Defense (DOD) operating agencies are responsible for developing their requirements for services based on the requirements necessary to accomplish their missions or programs. You must convert the program requirements for services and materials into funding requirements. You must state fund requirements for the Air Force in documents commonly called the Air Force budget estimate. Your submission for consideration is included in the Air Force budget estimate for a given year.

Whatever the programmed requirement may be, you need historical financial data when completing the narrative. You write the narrative stating why the base has increases or decreases to approved programs. As a minimum, financial analysis personnel and resource advisors (RA) should obtain obligation data by program element (PE) and Object Sub Class for submission in the operating budget or O&M execution plan. If the MAJCOM is requiring submission of a mechanized operating budget, you might have to break out the data by functional category. With experience, you will develop your own system for collecting the required historical financial data. Usually, you will use the same information systems for gathering historical data and for providing briefings to financial committees. In any event, the financial analysis office can perform a comprehensive and systematic analysis of all types of data.

Financial analysis of historical data involves more than studying dollar costs. It involves the full act of analyzing the operations, programs, and plans that generate dollar costs. Let's bring up an important point right now. Since the start of the resource management system (RMS), we have placed the emphasis on mission accomplishment rather than the amount spent by Object Sub Class. The amounts recorded by Object Sub Class are important, but only in determining program completion.

CONTINUE

1 question drawn randomly from A-Mod 2

1 question drawn randomly from A-Mod 2

1 question drawn randomly from A-Mod 2

1 question drawn randomly from A-Mod 2

CONTINUE

Congratulations!

You have completed the second of six modules. Please complete the subsequent modules to complete the course.

A-Mod 2

Question

01/08

What does "propriety of funds" refer to in the context of fiscal management?

- ☐ Spending funds according to personal preferences
- ☐ Choice 2
- ☐ Correctly spending distributed funds in accordance with regulations
- ☐ Ignoring fund distribution guidelines

Question

02/08

What is the significance of comparing obligation rates to straight-line rates in financial analysis?

- ☐ To determine employee productivity levels
- ☐ To assess program spending efficiency over time
- ☐ To calculate future budget allocations
- ☐ To track changes in market interest rates

Question

03/08

What is the primary purpose of tracking reimbursements in financial management?

- ☐ Avoiding duplication of services and facilities within an organization
- ☐ Generating additional revenue for the organization through sales codes
- ☐ Monitoring employee attendance records for payroll processing
- ☐ Ensuring compliance with tax regulations for business expenses

Question

04/08

Which group of employees receives all-inclusive pay raises through Congressional acts?

- ☐ Federal Wage Grade employees
- ☐ Civilian contractors
- ☐ Military personnel
- ☐ Senior executives

Question

05/08

How does Congress typically address pay raises for Federal Wage Grade employees?

- ☐ Through direct negotiations with employees' unions
- ☐ By conducting wage surveys periodically
- ☐ By enacting legislation for all-inclusive raises
- ☐ By delegating the responsibility to individual agencies

Question

06/08

How do Object Sub Classes help differentiate between various types of civilian pay and benefits?

- ☐ Streamlining payroll processing for HR departments
- ☐ Simplifying tax calculations for employees
- ☐ Categorizing expenses for budgeting and reporting purposes
- ☐ Limiting access to certain benefits based on job roles

Question

07/08

Who uses the financial and statistical data provided in the civilian manpower and funding report?

- ☐ Office of Personnel Management (OPM)
- ☐ Office of Management and Budget (OMB) and Office of the Secretary of Defense (OSD)
- ☐ Department of Labor (DOL)
- ☐ Department of Homeland Security (DHS)

Question

08/08

What type of written training aids are highlighted as valuable for RCMs and RAs in the text?

- ☐ Video tutorials
- ☐ Podcasts
- ☐ Pamphlets and handouts
- ☐ Interactive quizzes