



## DCMA Manual 4301-01, Volume 2: General Financial Knowledge: Administrative Control of Funds

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**Purpose:** This issuance, in accordance with the authority in DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," implements policy and assigns responsibility for all DCMA activities engaged in the administrative control of funds.

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## SECTION 1: GENERAL ISSUANCE INFORMATION

**1.1. APPLICABILITY.** This issuance applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence.

**1.2. POLICY.** It is DCMA policy to:

a. Use funds economically, efficiently and properly in accordance with (IAW) fiscal law principles and applicable regulations, including, but not limited to, Office of Management Budget (OMB) Circular A-11, "Preparation, Submission, and Execution of the Budget," and DoD 7000.14-R, "Department of Defense Financial Management Regulations (FMRS)."

b. Ensure DCMA has a rigorous system of internal control and testing to confirm proper execution of the Agency's resources IAW purpose, time and amount limitations.

c. Execute this Manual in a safe, efficient, effective, and ethical manner.

### **1.3. PROHIBITED ACTIONS, PERSONAL RESPONSIBILITY AND PENALTIES.**

Ensure that DCMA personnel who are directly involved in financial management possess general financial knowledge of appropriation and fiscal law. Personnel should be generally familiar with the requirements and prohibitions set forth in various legislative provisions which comprise the Anti-Deficiency Act (ADA), including (a) Section 1341 of Title 31, United States Code (U.S.C.), "Limitations on expending and obligating amounts"; (b) Sections 1511-1517 of Title 31, U.S.C., requiring apportionment/administrative subdivision of funds and prohibiting obligations or expenditures in excess of apportionment or administrative subdivision of funds; and (c) Section 1342 of Title 31, U.S.C., "Limitation on voluntary services." Employees shall not violate any provision of the Anti-Deficiency Act. Discussed below are prohibited actions, personnel potentially liable and the penalties for violation of the Anti-Deficiency Act. See Volume 14, Chapter 2, DoD 7000-14-R for additional details on potential Anti-Deficiency Act violations.

**a. Purpose Limitation.** DCMA may obligate and expend appropriations only for a proper purpose.

(1) Section 1301 of Title 31, U.S.C., otherwise known as the "Purpose Statute," requires DCMA to apply appropriations only to the objects for which the appropriations were made, except as otherwise provided by law. The Purpose Statute applies to all uses of appropriations across DCMA, unless Congress enacts a more specific statute. This provision prohibits charging authorized items to the wrong appropriation and forbids charging unauthorized items to any appropriation.

(2) The common meaning of the words in the appropriation act, and the program legislation it funds, governs the purposes to which the appropriation may be applied. If a proposed use of funds is inconsistent with the statutory language, then the expenditure is improper regardless of substantial savings or other benefits to the government. Executing a valid requirement with the wrong appropriation would also result in a purpose violation.

(3) DCMA will not expend funds indirectly that are not permitted directly. Thus, DCMA cannot use the device of a contract, grant, or agreement to accomplish a purpose it could not do by direct expenditure.

(4) The “Necessary Expense Doctrine.” The Purpose Statute does not require every expenditure to be specified in an appropriations act, as that is not possible or feasible. The U.S. Government Accountability Office (GAO), Title 7, “Fiscal Guidance,” applies a three-part test to determine whether an expenditure is a “necessary expense” of a particular appropriation:

(a) The expenditure must bear a logical relationship to the appropriation sought to be charged.

(b) The expenditure must not be prohibited by law.

(c) The expenditure must not be otherwise provided for; that is, it must not be something that falls within the scope of some other appropriation or statutory funding scheme.

**b. Time Limitation.** DCMA may only obligate funds within the applicable time limits of the appropriations. (e.g., Operations and Maintenance (O&M) funds are available for obligation for one fiscal year).

(1) Appropriations are available for limited periods of time. DCMA must incur a legal obligation to pay money within an appropriation’s period of availability. If DCMA fails to obligate funds before they expire, they are no longer available for new obligations.

(a) Expired funds retain their “fiscal year identity” for five years after the end of the period of availability. During this time, the funds are available to adjust existing obligations or to liquidate prior valid obligations, but are not available for new obligations.

(b) Five years after the funds have expired; they become “cancelled” and are not available for obligation or expenditure for any purpose.

(2) “Bona Fide Need Rule.” Appropriations are available only for the bona fide need for an appropriation's period of availability IAW Volume 14, Chapter 2, DoD 7000.14-R. The bona fide need is the point in time recognized as the moment when DCMA becomes authorized to obligate funds to acquire a particular good or service based on a currently existing requirement. Until that requirement occurs, no authorization exists to obligate appropriated funds. Once the need accrues, DCMA may only obligate appropriated funds that are current at that time.

(3) Generally speaking, DCMA has a need to acquire goods and services when it requires the use or benefit of those goods or services. However, based on legislation and GAO case law, the *bona fide* need does not always arise at this time. The *bona fide* need may be earlier or later than the date DCMA requires the use of goods or the benefit of services.

**c. Amount Limitation.** DCMA must obligate funds within the amounts appropriated by Congress and formally distributed to or by the Agency.

(1) The basic amount restriction, as set forth in Section 1341 of Title 31 U.S.C., prohibits DCMA from making or authorizing an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation.

(2) An activity triggers the prohibitions set forth in Section 1341 of Title 31 U.S.C., when that activity depletes all the available funds in a given account, the amount in an earmark and/or the amount that is otherwise available except for some restriction contained in the appropriations act

(3) Congress and OMB control how much money is available to DCMA through a system of apportionments and allocations. The violation of one of these formal administrative subdivisions may, in turn, create an Anti-Deficiency Act violation. Failure to abide by amount restrictions may result in a reportable ADA violation.

(4) An administrative limitation is an upper limit placed on the amount of obligations or expenditures that may be incurred. For example, administrative limitations can be imposed on DCMA by:

(a) Congress, through congressional conference reports.

(b) OMB, through any executive branch directive containing an administrative limitation attached to an apportionment.

(c) Internal DCMA management (e.g., through ceilings on travel). Administrative limitations specified in the annual funding program should not be exceeded.

(5) Although administrative limitations should not be exceeded, they differ from legal limitations because violations of administrative limitations are not necessarily violations of law. Violations of informal administrative limitations are violations of DCMA policy and must be reported immediately to the Executive Director, Financial and Business Operations Directorate/Comptroller.

(6) Incurring obligations or expenditures for a reimbursable order in excess of the budgetary resources for that order is an administrative violation.

**d. Penalties.** Violators of the ADA are potentially subject to severe penalties. If violations are determined to be knowing and willful, personnel may be subject to fines or imprisonment, or both. Furthermore, personnel may be held liable for neglect, in advertence or omissions, which result in violations. In addition to any penalty or liability under law or regulation, personnel who authorize or make expenditures exceeding available funds may also be subjected adverse administrative action, including reprimand, suspension from duty without pay or removal from Federal service.

## SECTION 2: RESPONSIBILITIES

**2.1. DCMA DIRECTOR.** Unless delegated, the DCMA Director retains the final authority for funds control by representing DCMA with leadership, receiving guidance, and providing decisions as required. The Director as the Head of Contracting Activity assumes all responsibility for contracting actions.

**2.2. DEPUTY DIRECTOR.** Serves as the Acquisition Review Board (ARB) chair.

**2.3. EXECUTIVE DIRECTOR, FINANCIAL AND BUSINESS OPERATIONS/ COMPTROLLER.** The Executive Director, Financial and Business Operations (FB) will:

a. Serve as the primary authority for funds control and signatory on all Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) Funding Authorization Documents (FAD).

b. Report to the DCMA Director and the Director of OMB, through OUSD(C), any actions prohibited by the ADA within 10 business days.

c. Officially appoint Departmental Accountable Officials (DAO) and certifying officers through the DD Form 577, "Appointment/Termination Record – Authorized Signature," process and maintain a record of appointments, terminations and required training completion.

d. Serve as a voting member of the ARB.

**2.4. GENERAL COUNSEL.** The General Counsel (GC) will:

a. Advise DCMA leadership and DCMA components and activities on fiscal law, use of appropriations IAW statute, regulation and issuance and budgetary matters, as requested and as necessary.

b. Assign GC representation on multifunctional teams.

c. Serve as a voting member of the ARB.

**2.5. EXECUTIVE DIRECTOR, CONTRACTS.** The Contracts Directorate (AQ) Executive Director will:

a. Establish policy and procedures for acquisition execution including contracts and government purchase card.

b. Execute DCMA contracts in compliance with laws, regulations and policies.

c. Appoint contracting officers and contract specialists to provide appropriate oversight to DCMA actions.

- d. Oversee the appointment process for contracting officer's representatives (COR) and Government Purchase Card (GPC) cardholders and billing officials.
- e. Coordinate and facilitate the ARB and serve as a voting member.
- f. Assign contracting officers and/or contract specialists as participants to multifunctional teams.

**2.6. DIRECTOR, BUDGET DIVISION.** The Director, Budget Division (FBB) will:

- a. Request apportionment of funds, primarily through submission of the President's Budget (PB), but also based on special circumstances, such as continuing resolutions and contingency operations.
- b. Manage the distribution and withdrawal of direct and reimbursable obligation authority in the funds control systems, on behalf of the FB Executive Director.
- c. Establish guidance and procedures for proper administrative and statutory use of funds.
- d. Provide oversight of agency execution.
- e. Establish Defense Agencies Initiative (DAI) project/task structure for direct appropriations to ensure systematic separation of funding.
- f. In coordination with the Office of General Counsel, advise Agency personnel and leadership on fiscal law matters.

**2.7. DIRECTOR, CHIEF FINANCIAL OFFICER COMPLIANCE DIVISION.** The Director, Chief Financial Officer Compliance Division (FBL) will:

- a. Conduct post obligation reviews and tests to assess compliance with the ADA, Sections 1301, 1341, 1342 and 1517 of Title 31, U.S.C. Report any apparent violations to the Executive Director, FB IAW DoD 7000.14-R.
- b. In coordination with the Office of General Counsel, review the circumstances surrounding any apparent violation of a legal limitation or an administrative control level limitation, apply facts to governing statute, regulation or issuance and determine whether or not an apparent violation is the result of an accounting error.
- c. Assist the funds control officer (FCO) and FBB in preparing a memorandum explaining the circumstances, the violation, and the corrective actions taken or planned for any apparent violations.

d. Establish the standard procedures for processing procurement documents for commitment and obligation in conjunction with the procurement, travel, and personnel offices and distribute procedures to all affected fund holders.

e. Assist the FCO and FBB with initiating obligational adjustments to those expired accounts that exceed an obligational control level. This precludes the formal reporting process.

**2.8. DIRECTOR, INTERNATIONAL AND FEDERAL BUSINESS DIVISION.** The Director, International and Federal Business Division (FBR) will:

a. Manage the distribution and withdrawal of direct obligation authority for Foreign Military Sales (FMS) programs in the funds control systems, on behalf of the FB Executive Director.

b. Establish DAI project/task structure for reimbursable programs to ensure systemic separation of funds.

c. Distribute reimbursable funding authority to the project/task level to ensure systematic separation of funding.

d. Establish guidance and procedures for proper administrative and statutory use of reimbursable and FMS funds.

**2.9. DIRECTOR, PLANNING AND BUDGETING CENTER.** The Director, Planning and Budgeting Center (FBA) will:

a. Manage the distribution and withdrawal of direct obligation authority for the Regions below the DAI Allotment-level.

b. Advise Components and Region fund holders and FCOs serviced by FBA on execution and fiscal law matters.

c. Perform FCO responsibilities for Information Technology (IT) and Headquarters (HQ) components.

**2.10. DIRECTOR, FINANCIAL SYSTEMS DIVISION.** The Director, Financial Systems Division (FBS) will:

a. Support FBB, FBR, FBL and FBA in the distribution and execution of funds in the finance and accounting business systems (DAI).

b. Process and reconcile the payroll file on behalf of DCMA, ensuring accurate posting of labor obligations and disbursements.

**2.11. DCMA COMPONENT HEADS, REGIONAL, AND CONTRACT MANAGEMENT OFFICE COMMANDERS/DIRECTORS.** DCMA Component Heads/Regional Commanders and Contract Management Office (CMO) Commanders will:

- a. Serve as the appointed fund holder and exercise proper control over funds.
- b. Execute the resources entrusted to them IAW applicable statutes, regulations and issuances.
- c. Provide oversight and direction to any FCOs assigned to their components, to include monitoring training completion.
- d. Monitor and report execution of resources from requirement development throughout the life of the obligation.

**2.12. FUNDS CONTROL OFFICERS.** DCMA FCOs include any person designated as a responsible party for execution of component funds. DCMA FCOs can also be called resource managers, funds certifiers, financial specialists or budget analysts. For the purposes of this Manual, the term FCO will be used. FCOs frequently act as DAO, but can also be certifying officers. The roles and responsibilities for a certifying officer are more specific than that of an FCO. IAW the DoD 7000.14-R, Volume 5, Chapter 1, "Certifying Officers, DAOs, and Review Officials," DCMA fund holders that perform these duties require a DD Form 577. The FCO must:

- a. Remain current on fiscal or appropriation law training, as required by the DoD 7000.14-R, Volume 5, Chapter 1.
- b. Ensure commitment and obligation documents are completed properly and comply with legal and regulatory guidance.
- c. Assign proper funding citations and validate funds are available for obligation.
- d. Review the monthly financial reports, perform reconciliations to verify that the reports are complete, and immediately notify FBB and FBL of any discrepancies within 10 business days.
- e. Track balances for expired appropriations for an additional five years for valid upward and downward adjustments to liquidate obligations properly incurred during the period of obligational availability. Coordinate any obligation adjustments to expired accounts that will exceed an obligational control level with fund holders and FBB to preclude initiating a formal reporting process.
- f. Prepare formal reports in memorandum format for any violations within the component and distributes accordingly.

## SECTION 3: FUNDS CONTROL

### 3.1. OVERVIEW.

**a. What is Funds Control?** Funds control is a system of controls that instills and ensures responsibility and accountability for resources. Federal agencies are required to establish an effective funds control system to prevent overspending and ensure compliance with the laws and regulations that affect the formulation and execution of resources. DCMA shall comply with all requirements of the ADA and other laws and regulations affecting the use of federal funds. This requirement applies to all DCMA resources, direct and reimbursable, and all personnel indirectly or directly executing those resources. DCMA implements funds control during the year of execution through a series of systematic and management controls to ensure activities do not exceed authorized budgets and funding levels and ensure funding is available at the time the commitment, obligation, and expenditures are incurred (amount). These controls also ensure that obligations and expenditures are compliant with the time availability of the appropriation (time) and are consistent with the purpose for which the funds were appropriated (purpose).

**b. Who Has Responsibility for Funds Control?** The Executive Director, Financial and Business Operations/Comptroller and the Director, Budget Division have the most prominent strategic roles in funds control; however, every member of the DCMA community has a funds control role. The roles below are especially critical for ensuring proper funds control at DCMA.

(1) DCMA employees must complete timecards accurately and timely. Timecard entries are processed through Defense Finance and Accounting Service and result in obligations and disbursements against appropriations at Treasury; therefore, all employees must ensure timecard entries are charging the correct project and task, which is connected to an appropriation and activity budget. FBS Payroll or fund holders will identify incorrect charges and employees will be required to change the timecard. Similarly, employees process travel requests and use their Government Travel Charge Cards (GTCC) resulting in obligations and disbursements against appropriations. Employees must ensure official travel and the use of GTCC only occurs for official government travel and is IAW with DCMA policy and the Federal Travel Regulation.

(2) DCMA supervisors are responsible to ensure employee timecards are charging the correct project and task, which is connected to an appropriation and activity budget. FBS Payroll or fund holders will identify incorrect charges and supervisors will be notified that changes are required. DCMA supervisors must also ensure employees submit travel claims in a timely manner to enable prompt payment of the GTCC and reimburse employees for all authorized travel entitlements or deobligate travel.

(3) Defense Travel System funds control roles include the authorizing official and the reviewing official. The authorizing official approval certifies the trip is a valid requirement and obligates the funds in the accounting system. The reviewing official reviews the order/voucher to ensure it complies with the DoD Joint Travel Regulations and DCMA policy and proper for payment. The authorizing official is appointed as a certifying officer with a DD Form 577. The reviewing official is appointed as a DAO with a DD Form 577.

(4) GPC cardholders and billing officials are responsible for executing purchases using a GPC, certifying statements, and approving payments. GPC cardholders and billing officials are appointed via a DD Form 577 by the GPC program coordinator under the authority of the Executive Director, Contracts. There are very specific rules regarding the use of the GPC and cardholders. Billing officials must ensure purchases and payments are made IAW those rules and laws. Further information on the GPC can be found in DCMA Manual (DCMA-MAN) 4301-03, Volume 2: “Contracts and Acquisitions: Government Purchase Cards.”

(5) DCMA Component Heads, Regional Commanders/Directors, and CMO Commanders must monitor execution of funds entrusted to them and ensure obligations and expenditures of those funds are executed against valid requirements and IAW applicable laws and regulations.

(6) FCOs have the most direct and influential impact on agency funds control. An FCO is appointed by the Executive Director, Financial and Business Operations/Comptroller with a DD Form 577. This individual is responsible for ensuring administrative control of funds within his or her organization; committing and obligating funds IAW purpose, time and amount statutes and other statutory or regulatory restrictions; certifying invoices for payment; analyzing and reconciling execution information; and reporting status of funds to agency officials.

(7) Contracting officers and contracting specialists ensure contracts are awarded in compliance with fiscal law and other required regulations.

(8) The COR and/or the Functional Specialist is responsible for monitoring execution of contracts and must ensure all invoices certified for payment represent work performed under the authority and scope of the contract, to include the correct appropriation. A COR has the authority to refuse to pay any invoices presented that do not comply.

**c. Types of Controls.** An effective funds control system incorporates both systematic and management controls. Systematic controls leverage a system to prevent scenarios that could result in funds control failures or malfeasance. However, it is the application of a management control layer (policy, procedures, and testing) on top of the systematic controls that ensures effective funds control. DCMA has both types of controls.

**3.2. SYSTEMATIC CONTROLS.** The DCMA system for funds control is the DAI enterprise resource planning system. DAI is the system DCMA uses for funds receipt and distribution, timekeeping (labor obligation), recording commitments and obligations of funds, and monitoring expenditures and disbursements. DCMA leverages the systematic controls in DAI to load and allocate funds agency-wide, establish funding caps at appropriation and project levels, and minimize risk of malfeasance. DCMA FB personnel, fund holders, and FCOs are responsible for ensuring DAI systematic controls and any necessary compensating controls are in place. DAI supports funds control in two key areas:

**a. DAI User Management.** DAI users must request and be approved for distinct roles to perform different functions in DAI with a system authorization access request form. Role request and approval ensures only designated personnel can have access to restricted functions,

such as distribution, certification, and obligation of funds. Further, user management controls prevent one individual from having multiple roles that would violate segregation of duty requirements. Segregation of duties, tracked by the DAI Support Team, must be maintained to keep one person from having too much control over the funding and/or obligation process. DAI has built in controls to maintain segregation of duties.

**b. DAI Project/Task Structure.** DAI project and task structure is the organizational structure for funds distribution and execution. DCMA has elected to implement funds control at the project level, which establishes a funding cap at the project level and prevents over obligation within DAI. Funds are distributed in DAI to labor and non-labor projects and tasks based on leadership approved requirements and funding levels. Activities can only obligate non-labor funds up to these levels. Any system-generated obligations in excess of these funding levels will fail funds check and reject due to lack of funds. DAI systematic controls effectively prevent amount violations from occurring in non-labor projects. Labor projects are must-fund and require management controls to prevent amount violations. Labor projects are assigned availability dates (start and end dates) which help to prevent time violations. Availability dates can be assigned to other project types to coincide with an appropriations period of availability.

**c. DAI Line of Accounting (LOA).** The DAI Project/Task structure becomes the foundation of the LOA. This systematic control ensures that every Project/Task configuration can have a unique LOA linked to the applicable appropriation. This helps to ensure activities use the appropriate color of money that was aligned in the Project/Task structure as well as helping prevent amount violations.

**d. Defense Business System (DBS) Funds Control.** DBS funds control is a sub-set of the DAI Project/Task structure. FBB creates unique non-labor projects for each approved DBS and unique labor tasks for each DBS. FBB loads funding to non-labor projects not to exceed the approved certified levels to prevent over-execution (amount). Labor tasks help capture the labor portion of DBS execution. FCOs can track both labor and non-labor execution using these systematic controls to monitor DBS execution and notify leadership on the status of funds for all DBSs.

**3.3. MANAGEMENT CONTROLS.** Overall responsibility for the proper execution of DCMA funding resides with agency leadership. To assist leaders in the accurate execution of resources, DCMA employs a number of management controls designed to break this critical process into executable steps. Amount violations are almost completely prevented by DAI but compensating controls are necessary to fill the gap. Purpose and time violations cannot be controlled by DAI and must have management controls in place.

**a. Requirement Validation.** The management controls begin with corporate governance procedures for validating a requirement. Validated requirements are resourced during the Program and Budget processes, where they undergo stringent evaluation to determine appropriation, bona fide need, acquisition strategy, and executing directorate. Requirements (dollar and manpower) are aligned to Agency strategic and operational goals. Validated, resourced requirements are approved for execution before the year of execution; any changes to these requirements or funding levels must be reviewed through appropriate agency governance

channels. A process by which requirements are validated, resourced and approved for execution ensures interested stakeholders have the same understanding of what will be executed. This control helps prevent purpose and time violations.

**b. The Annual Operating Budget.** Official DCMA apportionment and allocation are issued by the Office of the Secretary of Defense (OSD) on a FAD. FBB receives the FAD on behalf of the Agency and distributes funds to Activities via DAI. The FAD reflects the annual authorized operating funds and any conditions, limitations, exclusions, or other factors that may apply. Funds are authorized in terms of cumulative quarterly limitations as well as the annual total. Notification of distribution and any restrictions are sent to activity Fund Holder/FCOs. The specified limit for any quarter cannot be exceeded by the end of that quarter. If revised during the year, the remarks section of the FAD will summarize the budget changes. The intent of the annual operating budget is to ensure amount limitations for each activity are clearly communicated to those responsible for funds control. This control helps to prevent amount violations.

**c. Labor Execution.** The execution of labor is very important within DCMA due to the large percentage of budget authority required to fund the manpower requirement. Labor projects and tasks within DAI do not provide hard stop caps that prevent amount violations, as labor is a must-fund requirement in DAI. DCMA employs management controls to prevent over-obligations of labor. The first control is to validate labor full-time equivalent (FTE) requirements for all DCMA Activities. FBB projects annual labor costs (basic and burdened) based on the approved FTE control. All DCMA Components submit plans and monitor labor execution on a bi-weekly (time and attendance processing) and monthly (reporting requirements) basis. FBB updates labor projections monthly and notifies leadership of any unusual or significant variances to ensure there are sufficient labor dollars to fund all obligations and disbursements. Unless under a Continuing Resolution, FBB funds component labor requirements quarterly. FBB will end date all labor projects at the end of the fiscal year to prevent unauthorized execution of prior-year expired funds. This control helps to prevent amount violations.

**d. Acquisition Review Board (ARB).** The ARB is a management control designed to review, validate and approve acquisition supply and service requirements to ensure compliance with procurement law, regulations, policy and guidance. This Board provides acquisition oversight and is a strategic control to avoid purpose and time violations. The ARB authority is identified in DCMA-MAN 4301-03, Volume 1, “Contracting and Acquisitions: Acquisitions.”

**e. Multi-Functional Teams (MFTs).** DCMA-MAN 4301-03, Volume 1, identifies and charters MFTs for all acquisition requirements. The MFTs work to review, build and define requirements to assist leadership in making sound and timely acquisition decisions. This management control helps DCMA prevents purpose and time violations.

**f. Appointment of Responsible Personnel.** DCMA Obligations must only be made by appointed and trained personnel. Examples of properly trained and appointed personnel include fund holders, FCOs, Certifying Officers, Approving Officials, contracting officers, and CORs.

**g. Tools.** Activities/Components use three tools to plan and monitor execution throughout the fiscal year. These tools are the FTE plan, the Monthly Commitment Plan (MCP) and the Non-Labor Spend Plan. FBB publishes an annual schedule for Activities submissions dates and conducts monthly Budget Execution Reviews to monitor Agency level execution against these plans. This data is used to support agency resourcing decisions during monthly Workload and Resourcing Room meetings.

(1) FTE Plan. The FTE plan is a monthly plan that matches personnel on-board strength against hiring actions to project an Activities' monthly and annual personnel execution. Management will use this labor projection tool to forecast basic labor dollar requirements throughout the year and ensure compliance with FTE and dollar fiscal controls.

(2) MCP. The MCP is a monthly plan that spreads an Activity's annual budget, by object class, over the fiscal year. Additionally, FCOs update these plans on a monthly basis with actual end-of-month execution data and adjust out-month plans accordingly to remain within budget limits. Management uses this plan to monitor execution against validated requirements and identify areas of variance from approved fiscal controls. FBB uses these plans to estimate OUSD(C) Apportionment requirements and provide funding distributions (quarterly/monthly) to Activities.

(3) Spend Plan. The Non-Labor Spend Plan is an annual plan required for all Activities that execute non-labor requirements above and beyond normal Travel and Supply requirements. The Spend Plan provides Activity leadership, FCOs, and procurement and budget personnel a single source document to plan and execute non-labor requirements for each execution year. Management will use this tool to request funding, determine executability and monitor execution for all non-labor requirements.

**h. Routine Checks.** FCOs analyze execution of resources against monthly and annual planned amounts and assist in recommending recovery options to bring plans in line with the latest actual data. While the frequency of these checks may vary, FCOs must conduct a Status of Funds review weekly to update Spend Plans and be prepared to notify leadership of any funding issues. Assessment of status against execution plans in monthly leadership meetings ensures management attention is given to execution of funds, identifies challenge areas, and mitigates under or over execution of resources. These actions are essential to effective budget execution and accomplishment of mission priorities throughout the Agency.

**i. Internal Control Assessments.** All offices must establish an internal control program that includes routine assessment of those controls. At the Agency level, FBL has the responsibility for conducting assessments on commitments and obligations for compliance with fiscal law, regulations, and DCMA policy and procedures. FBL will publish assessment plans annually and will provide findings to Agency leadership.

## SECTION 4: FUNDS DISTRIBUTION

**4.1. GENERAL GUIDANCE.** This section establishes funding receipt and distribution procedures.

**4.2. APPROPRIATION.** Appropriations are acts of Congress, signed into law by the President, that provide budget authority and permit a Federal agency to incur obligations and to spend public funds, including authority to obligate and expend offsetting receipts and collections that are provided in Appropriations acts and other provisions. The Appropriation process is detailed in OMB Circular No. A-11.

a. FBB monitors the Appropriation process for Congressional action on the DCMA budget request that may result in distributed funding decrements or unforecasted undistributed OUSD(C) decrements.

b. FBB works with OUSD(C) Appropriation Managers to address Congressional requests for information regarding the budget request and assists in addressing the impact of Congressional decrements on DCMA's operations.

**4.3. APPORTIONMENT.** The Appropriation will not be available for allotment or obligation until after they have been approved by OMB through an apportionment. The apportionment of funds is required for all unexpired resources including appropriated funds, reimbursements, estimated carryover amounts, and recoveries of prior-year obligations.

a. DCMA requests apportionment of funds by submitting the PB or by special request to OUSD(C).

b. FBB receives apportionment via a FAD from the OUSD(C) Funds Distribution System, which is currently Program Budget Accounting System and Electronic Funds Distribution system.

(1) FBB enters the FAD from the funds distribution system into DAI for further distribution to DCMA Activities, limit 7200 (which stand for DCMA as an organization).

(2) The FAD includes:

- (a) Funding source.
- (b) The amount available for obligation for both direct and reimbursable work.
- (c) The time period of availability.
- (d) Justification for changes in allotments.
- (e) Specific legal limitations and administrative remarks.

(f) The position title of the official responsible for the fund.

(3) Director, FBB, digitally signs all FADs.

(4) FBB loads the FAD into DAI.

(a) The FBB funds control point of contact (POC) will load funding provided in the FAD into DAI at the Appropriation and Apportionment levels in the exact amount as shown on the FAD.

(b) The Funds Control POC will save a screen shot of the DAI FAD load in the Agency Funding Letter. This letter and the signed FAD is posted to the DCMA 360 site and distributed to the FCOs.

**4.4. FUNDS DISTRIBUTION.** Funds distribution is the process by which FBB provides DCMA Activities funding to operate during the Fiscal Year. Funds distribution occurs differently for Direct and Reimbursable appropriation authority. All funds distribution originates in FBB.

a. Direct Funding. This section refers to direct funding authority for O&M; Defense Acquisition Workforce Development Fund; Research, Development, Test & Evaluation; and Procurement, Defense-wide. Distribution of Direct funding occurs in three different methods within DCMA.

(1) East, Central, and West Regions and Special Programs.

(a) FBB distributes funds to the three Regions and Special Programs account at the unit identification code (UIC) level. Within DAI, this is done by pushing funding to the Allotment level.

(b) FBB will then email FBA and the Special Programs FCO and provide them a screen shot from DAI, which reflects the funding at the Allotment level, along with an Agency Funding Letter totaling the UIC's new funding level.

(c) FBA and the Special Programs FCO will distribute funding to specific labor and non-labor projects for execution. This project level is also known as the Sub-Allotment level in DAI, although this is not an official sub-allotment and ADA amount restrictions do not convey.

(2) Headquarters Activities (PH), IT, Cost & Pricing, and Permanent Change of Station (PCS).

(a) FBB distributes funds to the PH, IT, Cost & Pricing, and PCS at the UIC level. Within DAI, this is done by pushing funding to the Allotment level.

(b) FBB will also distribute funding to specific labor and non-labor projects for execution. This project level is also known as the Sub-Allotment level in DAI, although this is not an official sub-allotment and ADA amount restrictions do not convey.

(c) FBB will then email the fund holder and provide a screen shot from DAI, which reflects the funding at the Allotment level, along with an Agency Funding Letter totaling the UIC's new funding level.

(3) International.

(a) FBB distributes funds to International at the UIC level. Within DAI, this is done by pushing funding to the Allotment level.

(b) FBB will distribute funding to a specific labor project for execution. This project level is also known as the Sub-Allotment level in DAI, although this is not an official sub-allotment and ADA amount restrictions do not convey.

(c) FBA will distribute funding to specific non-labor projects for execution.

(d) FBB will then email the FBA and the fund holder and provide a screen shot from DAI, which reflects the funding at the Allotment level, along with an Agency Funding Letter totaling the UIC's new funding level.

b. Reimbursable Funding authority for O&M.

(1) FBB only loads reimbursable funding authority at the appropriation and apportionment level within DAI.

(2) FBR loads funding at the project/task level for all activities upon receipt of orders.

**4.5. FUNDS CLOSEOUT.** At the end of the fiscal year, FBB will coordinate to have all remaining direct and reimbursable funding authority pulled off Activity projects prior to the end of the fiscal year.

a. FBB will coordinate with FBA and Special Programs to zero out all projects by pulling funding off the project level back to the Allotment level in DAI.

b. FBB will validate completion of this action by reviewing a Project-level status of funds to ensure the remaining balance is zero.

c. FBB will internally zero out any prior-year projects.

## GLOSSARY

### G.1. DEFINITIONS.

**Apportionment.** Apportionment means a distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combination of these. The apportioned amount limits the obligation that may be incurred. An apportionment may be further subdivided by an agency into allotments, sub allotments, and allocations.

**Allotments.** Allotments are subdivisions of apportionments that are made by the heads of agencies.

**Allowances.** Informal subdivisions of appropriations by agencies at lower level, e.g., with an installation or activity, without creating an absolute limitation on obligational authority. These informal subdivisions may also be referred to as "funding targets."

**Color of money.** The "color of money" is a paraphrase for congressional appropriation. It defines the term for the type of money to be used for a purchase, acquisition or expense.

**Defense Finance and Accounting Service.** Also and more commonly known as DFAS plays an integral role in DCMA's accounting and finance operations.

**Policy.** A set of principles and associated guidelines to direct and limit DCMA actions in pursuit of objectives, operations, and plans. Establishes Agency-wide rules. Describes the "what," "who," and "why" of operations by defining roles and responsibilities.

**Procedures.** A set of mandatory step-by-step instructions established to implement DCMA policy. It describes the process that must be followed to achieve the desired outcome.

## GLOSSARY

### G.2. ACRONYMS.

ADA	Anti-Deficiency Act
ARB	Acquisition Review Board
CMO	Contract Management Office
COR	Contracting Officer's Representative
DAI	Defense Agencies Initiative
DAO	Departmental Accountable Officials
DBS	Defense Business System
DD	Department of Defense
DD Form 577	Appointment/Termination Record – Authorized Signature
HQ	Headquarters
IT	Information Technology
FB	Financial and Business Operations
FAD	Funding Authorization Document
FBA	Financial and Business Planning and Budgeting Center
FBB	Financial and Business Budget Division
FBL	Financial and Business CFO Compliance Division
FBR	Financial and Business Federal Business Division
FBS	Financial and Business Systems Division
FCO	Funds Control Officer
FMS	Foreign Military Sales
FTE	Full Time Equivalent
GAO	U.S. Government Accountability Office
GC	General Counsel
GPC	Government Purchase Card
GTCC	Government Travel Charge Cards
IAW	In Accordance With
LOA	Line of Accounting
MCP	Monthly Commitment Plan
MFT	Multi-Functional Team
O&M	Operations and Maintenance
OMB	Office of Management and Budget
OUSD(C)	Office of the Under Secretary of Defense (Comptroller)

PB	President's Budget
PCS	Permanent Change of Station
PH	Headquarters Activities
POC	Point of Contact
UIC	Unit Identification Code
U.S.C.	United States Code

## **REFERENCES**

- DCMA Manual 4301-03, Volume 1, “Contracting and Acquisitions: Acquisitions,” TBD
- DCMA Manual 4301-03, Volume 2, “Contracting and Acquisitions: Government Purchase Cards,” TBD
- DoD 7000.14-R, “Department of Defense Financial Management Regulations (FMRS), current edition.
- DoD Directive 5105.64, “Defense Contract Management Agency (DCMA),” January 10, 2013
- Joint Travel Regulations (JTR), current edition.
- Office of Management and Budget (OMB) Circular No. A-11, “Preparation, Submission, and Execution of the Budget,” July 2018, as amended
- Title 31, United States Code
- U.S. Government Accountability Office (GAO), Title 7, Chapter 3, “Obligations,” May 18, 1993