COMNAVRESFOR INSTRUCTION 7100.1E

From: Commander, Navy Reserve Force

Subj: COMMANDER, NAVY RESERVE FORCE BUDGET AND FINANCIAL GUIDANCE MANUAL

Ref: (a) NAVSO P-3582
(b) NAVSO P-1000
(c) COMNAVRESFORINST 7100.5
(d) SECNAVINST 7000.27B
(e) OMB Circular A-11
(f) DON Budget Guidance Manual of July 2013
(g) DoD FMR 7000.14-R
(h) Ser 7000 FMO/09 of 30 Jan 13 Memorandum Documentation Receipt and Acceptance of Reimbursable RWO Goods and Services

1. **Purpose.** To provide detailed guidance to subordinate commands and program managers for the preparation and submission of budget execution and various regulatory requirements attendant to that execution.

2. **Cancellation.** COMNAVRESFOR P7100.1D.

3. **Background.** Commander, Navy Reserve Force (COMNAVRESFOR) Budget and Financial Guidance Manual (B&FGM) has been prepared for the use of COMNAVRESFOR echelon 2, 3, and 4 Operation and Maintenance, Navy Reserve (O&M,NR) Operating Budget holders and Reserve Personnel, Navy (RPN) Operating Target holder commands. In its financial role as a Budget Submitting Office (BSO), COMNAVRESFOR has established the policies, procedures, and guidance contained within this manual to provide consistent and standardized methods for financial management at all levels of commands. Consistency within the claimancy BSO is necessary for the defense of resource requirements to higher authority.

4. **Scope.** This manual discusses the appropriations that provide the financial resources available to accomplish the COMNAVRESFOR mission. It provides specific guidance for the submission of O&M,NR, Other Procurement, Navy, and RPN requirements. In addition, statutory requirements, policies, procedures, and budget and accounting classifications are addressed, which are to be followed in the budget execution phase. Using the B&FGM, financial managers should be able to establish local procedures to analytically identify, develop, and defend their programs within the administrative, regulatory, and statutory limitations placed upon Navy commands.
5. **Records Management.** Records created as a result of this change transmittal, regardless of media or format, must be managed per Secretary of the Navy (SECNAV) Manual 5210.1 of January 2012.

6. **Review and Effective Date.** Per OPNAVINST 5215.17A, Commander, Navy Reserve Force will review this instruction annually on the anniversary of its effective date to ensure applicability, currency, and consistency with Federal, Department of Defense, SECNAV, and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will automatically expire 5 years after effective date unless reissued or canceled prior to the 5-year anniversary date, or an extension has been granted.

R. B. JOHNSON

By direction

Releasability and distribution:
This change transmittal is cleared for public release and is available electronically only via COMNAVRESFOR Web site, https://private.navyreserve.navy.mil
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SECTION I COMNAVRESFOR BUDGET SUBMITTING OFFICE

CHAPTER 1
INTRODUCTION

1-1. In its role as a budget submitting office (BSO), Commander, Navy Reserve Force (COMNAVRESFOR) has direct budget responsibilities for the following appropriations: Reserve Personnel, Navy (RPN); Operation and Maintenance, Navy Reserve (O&M, NR); Base Realignment and Closure (BRAC); and National Guard and Reserve Equipment Appropriation (NGREA). The funding provided to COMNAVRESFOR within each of these appropriations is dedicated to the mission of the Navy Reserve Force: To provide strategic depth and deliver operational capabilities to our Navy, Marine Corps, and Joint Forces, from peace to war. The specific purpose of funds within each of the COMNAVRESFOR appropriations is discussed in the following sections of this manual.

1-2. It is COMNAVRESFOR’s responsibility to ensure that sound financial management practices are in use throughout the BSO. This can only be achieved by the dedicated and informed effort of all resource managers at every level of the command. The policies, procedures, and guidance contained within this Budget and Financial Guidance Manual (B&FGM) identify some of the minimum requirements established by COMNAVRESFOR for sound financial management within the claimancy.

1-3. The primary purpose of this manual is to provide detailed guidance to subordinate commands for preparing and submitting budget requirements. The goal is to ensure consistency of budget data and funds control throughout the claimancy. Separate sections of this manual discuss each of the appropriations that comprise the direct financial resources available to COMNAVRESFOR for the accomplishment of its mission and the corresponding budget requirements of echelon 2, 3, and 4 commands. Regardless of the size of the BSO’s appropriated fund accounts, our goal will always be the efficient management of our resources.

1-4. The purpose of this section is to provide information on how the financial process works and to provide budget, financial information, and applicable COMNAVRESFOR policies and procedures.

1-5. As COMNAVRESFOR’s mission tasking has grown, BSO financial management responsibilities and duties have also grown. The financial management challenges in accommodating this growth have been addressed by significant changes and improvements in both RPN and O&M, NR budgeting and accounting. Field activities are encouraged to submit recommendations for further improvements.
SECTION I COMNAVRESFOR BUDGET SUBMITTING OFFICE

CHAPTER 2 - DEFINITIONS AND POLICIES

2-1. Planning, Programming, Budgeting, and Execution System (PPBE)

   a. “The funds approved for your use during any fiscal year (FY) are the end result of a long chain of sequential, complex, and integrated events. The process by which resource requirements are determined, documented, and costed in the Department of Defense (DoD) is known as Planning, Programming, Budgeting and Execution System. The goal of PPBE is to provide combatant commanders (CCMD) with the right mix of people, equipment, capabilities and funds to enable them to meet their mission. PPBE incorporates the Future Years Defense Program (FYDP), which is reviewed by top level officials in the military departments, the Joint Chiefs of Staff, the Office of the Secretary of Defense (OSD), and the Office of Management and Budget (OMB). These requirements eventually become the DoD portion of the President’s Budget and are submitted to Congress for its review and approval. The Congress approves its version of the budget in the form of an appropriation bill which, after signature by the President, becomes law and an appropriation act.”

   b. The above paragraph is paraphrased from reference (a), Financial Management Guidebook for Commanding Officers. That publication and Department of the Navy (DoN) Financial Management Policy Manual, reference (b), also provide further summary information and diagrams for basic understanding of the PPBE process. No attempt is made in this manual to describe the complexity of PPBE. Field activities should be aware that this process heavily influences the nature and amount of funds available at the BSO and field activity level. Your participation in PPBE by budgeting and executing RPN and O&M, NR funds is essential to justify the total resource requirements of the claimancy and your command.

2-2. Program Objectives Memorandum (POM)

   a. The Navy POM is an annual input to the programming phase of PPBE. POMs address programs and corresponding resource requirements for the FY beginning 3 years from the date of the POM submission. For instance, in September 2012 the planning portion of the PPBE began for the FY 2015 budget. POM is the program that allows COMNAVRESFOR to receive additional resources required to fund new programs or expand current programs.

   b. Reference (c), Navy Reserve consolidated evaluation review process, provides guidance for field activities concerning the development and submission of POM issue papers. Both, COMNAVRESFOR approved field activity issue papers and COMNAVRESFOR developed issue papers, are submitted to Chief of Naval Operations (CNO) for consideration.

   c. The Secretary of Defense (SECDEF) issues Program Decision Memoranda (PDM) to direct the inclusion of approved POMs in the DoD budget. Only those issues, which are fully justified in the eyes of warfare sponsors, will survive the POM process.
d. PDM funding received by COMNAVRESFOR is frequently a repriced version of the original POM request. OSD and CNO program assessment sponsors, resource sponsors, and budget analysts play significant roles in final POM funding determinations. Just as frequently, omnibus congressional budget marks may reduce the level of funding available to both currently funded programs as well as PDM funding.

2-3. Resource Sponsors

a. The major COMNAVRESFOR and Office of Chief of Naval Operations resource sponsors are listed below. The support of all of these sponsors for POM issues submitted by COMNAVRESFOR is essential to the resource levels of the BSO.

<table>
<thead>
<tr>
<th>Resource Sponsors</th>
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<tbody>
<tr>
<td>Director of Test &amp; Evaluation Technology Req</td>
<td>N091</td>
</tr>
<tr>
<td>Surgeon General of the Navy</td>
<td>N093</td>
</tr>
<tr>
<td>Director Navy Staff</td>
<td>DNS</td>
</tr>
<tr>
<td>Manpower, Personnel, and Training &amp; Education</td>
<td>N1</td>
</tr>
<tr>
<td>Naval Intelligence</td>
<td>N2</td>
</tr>
<tr>
<td>Fleet Readiness and Logistics</td>
<td>N4</td>
</tr>
<tr>
<td>Space Info Command and Control</td>
<td>N6</td>
</tr>
<tr>
<td>Programming</td>
<td>N80</td>
</tr>
<tr>
<td>Expeditionary Warfare</td>
<td>N95</td>
</tr>
<tr>
<td>Surface Warfare</td>
<td>N96</td>
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<tr>
<td>Undersea Warfare</td>
<td>N97</td>
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<tr>
<td>Air Warfare</td>
<td>N98</td>
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b. The Chief of Navy Reserve N095, as both the assessment sponsor for the Navy Reserve and appropriation sponsor for the RPN, O&M, NR and Military Construction, Navy Reserve (MCNR) appropriations, oversees COMNAVRESFOR’s execution of funds along all resource sponsor lines as authorized in budget controls. Accountability of echelons of command within the BSO is required to accomplish this direction. Continued resource sponsors’ funding support through the POM and budget justification processes cannot be expected if the BSO fails to comply with the direction.

2-4. Appropriation

a. The Congress by means of annual legislation known as the Appropriation Act funds government operations. Each Appropriation Act must be preceded by an Authorization Act. It is the Authorization Act that identifies and authorizes the purposes of funds within each appropriation account. There are currently 13 government appropriations, each is divided into numerous appropriation accounts which are often further subdivided by budget activities (BA). The DoD appropriation, which is one of the 13 government appropriations, is divided into numerous appropriation accounts, which include BA authorization restrictions. While both
overall government appropriations and DoD appropriation accounts are subject to change, the basic categories of the Navy appropriation are listed below to provide you with an overview of the appropriation structure.

**Navy Appropriation Account Categories**

- Base Realignment and Closure (BRAC)
- Family Housing, Navy (FHN)
- Military Construction, Navy (MILCON)
- Military Construction, Navy Reserve (MCNR)
- Operation and Maintenance, Navy (O&M,N)
- Operation and Maintenance, Navy Reserve (O&M, NR)
- Military Personnel, Navy (MPN)
- Navy Working Capital Fund (NWCF)
- Reserve Personnel, Navy (RPN)

**Procurement Appropriations**

- Other Procurement, Navy (OPN)
- Weapons Procurement, Navy (WPN)
- Aircraft Procurement, Navy (APN)
- Shipbuilding and Conversion, Navy (SCN)
- Research, Development, Test and Evaluation, Navy (RDT&E,N)
- National Guard Reserve Equipment Appropriation (NGREA)

b. Current law establishes a budget schedule for Congress that requires completing the budget action by 25 September to permit operations of the Government for a FY that begins on 1 October and continues through 30 September of the next calendar year. The congressional budget schedule begins in February with the receipt of the President’s Budget.

c. If a DoD Appropriation Act is not passed by 1 October, Congress provides interim funding authority through a Continuing Resolution Act (CRA). Depending on the language of the act, a CRA may provide for continued operations based on the previous FY DoD Authorization Act or based on the current FY DoD Authorization Act. CRA’s are sometimes extended to cover an entire FY, in which case the CRA takes on the same authority as an Appropriation Act. Guidance for continuing DoD and DON operations while under a CRA will be issued by higher authority.

d. The DoD Appropriation Act and all other government appropriation acts include a limitation on the rate of obligation of funds. This action is required by the Budget and Accounting Act of 1921. The establishment of quarterly allocations of funds specifies rates of obligation by budget activity. It is both the total of the individual appropriation accounts and the quarterly rates of obligation for which all managers at all levels of command are held accountable by law.
2-5. Legal Aspects of Fund Management

a. Statutory limitations are those fiscal constraints on the obligation and expenditure of appropriated funds, which are imposed by restrictions stated in law. Many of these limitations are specifically addressed within the DoD Appropriation Act public law. Public laws 31 U.S.C. §1301(a) and §1517 establish statutory limitations concerning obligation or expenditure of appropriated funds.

b. The 31 U.S.C. §1301(a). This law states: “appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.” This provides not only for excluding certain types of expenditures, but also for the establishment of maximum or minimum amounts to be used for a specified purpose.

c. The 31 U.S.C. §1517. The 31 U.S.C. §1341(a), §1342, §1349-50; and §1511-19 are collectively referred to as the “Anti-Deficiency Act.” The principal provisions are as follows:

(1) Prohibits any officer or employee from making or authorizing an obligation in excess of the amount available in an appropriation or fund.

(2) Provides that the person who caused the violation may be subject to disciplinary action, which may include suspension without pay or removal from office. If action is done knowingly and willfully, that person may be subject to criminal penalties of a fine up to $5,000 or imprisoned for not more than 2 years, or both.

(3) Forbids the involvement of the Government in any contract or obligation to pay money in advance of an appropriation. In those instances where obligation documents are issued prior to the beginning of the FY, a warning statement is included that fund availability is contingent upon enactment of the appropriation bill.

(4) Requires apportionment by months, quarters, other regular periods, or by activities or functions, or a combination of both methods.

(5) Requires the head of each agency to issue regulations establishing an administrative control system with a dual purpose: First, to keep obligations within the amount of apportionment; and second, to enable the agency to affix responsibility for making obligations in excess of the apportionment.

d. Whenever an unauthorized use of an appropriation account’s funds occurs, a 31 U.S.C. §1301 violation exists, which must be corrected by crediting the account. If the corrective action results in an over-obligation of the appropriated fund debited, a violation of 31 U.S.C. §1517 would be incurred. The following examples are provided:

(1) If an investment item is purchased with O&M, NR funds, a 31 U.S.C. §1301 violation would exist. Correction would require crediting O&M, NR and debiting a procurement account.
Since COMNAVRESFOR field activities do not generally have procurement account authorization, correction would result in an over-obligation of procurement funds authorized and the possibility of a U.S.C. §1517 violation would exist.

(2) If O&M, NR funds were used to buy command coins for employee use, a 31 U.S.C. §1301 violation would exist. Corrective action by collecting personal funds from those employees to reimburse the O&M, NR account would be a proper action not resulting in an over-obligation of another appropriated fund account. No U.S.C. §1517 violation would exist.

2-6. Flow of Funds

a. Apportionment. Apportionment is a process of funds distribution which is intended to prevent obligating amounts available within an appropriation or fund account in a manner that would require deficiency or supplemental appropriations and to achieve the most effective and economical use of amounts made available for obligation. Apportionment divides amounts available for obligation by specific time periods (usually quarters), activities, project, objects, or a combination. The amounts apportioned limit the amount of obligations that may be incurred.

b. Apportionment must occur before funds are available for commitment, obligation, or expenditure. After signature by the President, the DoD appropriations bill becomes the Appropriation Act. OMB must then apportion funds to all government agencies. DoD apportions to Navy; Office of Budget, Fiscal Management Division (FMB) apportions to Navy BSO’s, and BSO’s apportion to field commands. Following the enactment of appropriations bills (or a CRA), the apportionment process can often be the cause of delay of receipt of specific amounts of obligation authority at all levels.

c. Figure I-2-1 of this chapter depicts the flow of funds from the highest to the lowest level. As a BSO, COMNAVRESFOR issues funds to its subordinate commands by various methods. O&M, NR funds are issued as operating budgets (OB). RPN annual training (AT) funds are issued to Reserve Component Commands (RCC) as operating targets (OPTAR) through Reserve Integrated Management System - Financial Management (RIMS-FM), creating an allocation document sent electronically via e-mail, and establishes an Annual Planning Figure (APF) along with quarterly controls within Navy Reserve Order Writing System (NROWS). OPN funds are sometimes issued as one-time purchase authority. The majority of RPN funds and OPN funds, and some O&M, NR funds, are centrally managed by COMNAVRESFOR on behalf of its subordinate commands.

d. The receipt of funding authority by BSO’s, and in turn, subordinate commands, is not a mandate to spend, but rather an authorization to provide for funding requirements to accomplish approved and budgeted programs. As funds flow from the highest authority to the lowest authority, the responsibility for accountability of funds usage flows with them.

e. Funding provided to OB holders by COMNAVRESFOR is a result of reviews of the requirements submitted in annual command budgets. The review process includes, but is not
limited to: DoD, DON, and BSO policies and goals; BSO program assessments by headquarters management and program managers; determination of overall claimant fund availability; individual command goals and budget execution history; and equitable allocations to field activities.

f. Reference (b), DON Financial Management Policy Manual, chapter 3, addresses apportionment funding procedures both before and after appropriation enactment, and other budget execution matters.

2-7. Obligation Rates

a. Obligation. An obligation represents the amount of an order placed, contract awarded, service rendered, or other transaction which legally encumbers a specified amount of an appropriation or fund for expenditure.

b. Within the DoD Appropriations Act, Congress has traditionally imposed a 20 percent limitation on the amount of funds, which can be obligated during the last 2 months of the FY. “No more than 20 percent of the appropriations in this Act which are limited for obligation during the current fiscal year shall be obligated during the last 2 months of the fiscal year: Provided, that this section shall not apply to obligations for support of active duty training of Reserve Components or summer camp training of the Reserve Officers’ Training Corps.” Quoted from the FY 2014 DoD Appropriations Act, Title VIII.

c. COMNAVRESFOR requires that this provision of public law be applied by each of its OB holders for each appropriation account for which they hold U.S.C. §1517 responsibility. Additionally, as identified in reference (b), 073002-6 (Control of Year-End Obligations), “Obligations for the fourth quarter of the FY will not exceed obligations for the third quarter.”

d. COMNAVRESFOR’s objective is to fully obligate funds before the obligation period expires and optimize the obligation rate for all of its appropriated funds to no less than 99.7 percent. Annually the Appropriations Act identifies the multiple year and no-year appropriations; if not specified all other appropriations are presumed to be for 1 FY (e.g., O&MNR, RPN-1 year; OPN-3 years). After an appropriation’s period of availability ends and is no longer available for new obligations, it remains in an expired status for 5 FYs during which it is available for adjusting obligations that were properly made during the appropriation’s availability. After the 5-year expiration period, the appropriation is closed/cancelled and no longer available for any purpose; therefore, efforts should be made to fully expend prior to appropriation lapses. For multiple year appropriations continue to maintain or improve the obligation rate for the remaining FYs until the appropriation expires.

e. As we approach the end of each FY, ensure the maximum use of the resources available to your command by performing intensive reviews of your obligations. De-obligate erroneous obligations and use these funds while they are available. Only you are in control of your allocated resources.
2-8. **Responsibility of Subordinate COMNAVRESFOR Commands**

   a. The Navy’s establishment of the Resources Management System (RMS) in 1968 provided for implementing methods to support the most efficient management of resources by commanding officers (CO). The operating budget under the RMS concept consists of an approved operating plan, which is the basis of authorization and financial control of resources available for the execution of program(s) of the organization or command level.

   b. COMNAVRESFOR strongly supports the authority and responsibility of COs to obligate funds for the most efficient use within each of their authorized appropriation accounts. This authority and responsibility carries with it a requirement for thorough knowledge of statutory and regulatory requirements governing each authorized appropriation account.

   c. COs are encouraged to ensure their financial management offices are efficiently staffed and trained to provide sound financial management advice and operations. COMNAVRESFOR expects that the duties of the field activity comptroller office specified in reference (d) will be performed at each of its echelon 4 commands.

   d. All COMNAVRESFOR OB holders are required to submit annual budgets for O&M, NR and RPN to ensure the resource requirements of all commands are identified for management consideration and inclusion in the BSO budgets.

2-9. **Travel Management**

   a. Government travel cost is a matter of significant Congressional interest. COMNAVRESFOR’s budgeted travel costs are subjected to intensive analysis and control by the Navy Comptroller and OSD. Execution of travel funds, promptness in settlement of travel claims, and collection of overpayments of travel advances are closely monitored. Periodically, travel restrictions are imposed within the O&M, NR appropriation.

   b. Travel management, including both budgetary and accounting controls, is a high priority for COMNAVRESFOR. Local procedures should include continuous analysis of cost efficiency and purpose of travel to ensure the most beneficial mission execution of scarce travel funds and to establish priorities for execution if travel restrictions are mandated. In FY 2010, COMNAVRESFOR mandated the use of the Defense Travel System (DTS) for Reserve Travel. A few limitations of the system are that it does not allow for back-to-back, Permanent Change of Station (PCS) order and no-cost local orders. There is no estimated future implementation date for these functions until the successful rollout in FY 2017/2018 of DTS Next Generation Enterprise Network (NGEN). System Rules and limitations of DTS will be exercised in travel fund management.

   c. In addition, COMNAVRESFOR requires:
(1) That aggressive and timely action be taken to correct erroneous official accounting records substantiated by memorandum accounting records.

(2) That military members and civilian employees have checkout sheets cleared through the comptroller office so that outstanding travel advances can be settled before departing from their command. Military and civilian employees remotely separated from the comptroller office can obtain clearance by telephone.

2-10. **Prior Year (PY), Current Year (CY), Budget Year (BY)**

a. This manual accommodates budget submission instructions, which are applicable to numerous FYs. To accomplish this without repeatedly identifying specific FYs, acronyms or abbreviations have been used. The budget FY abbreviations used in all sections of this manual are based on the financial acronyms used by Navy.

b. FYDP terminology relates all FYs to the FY budget being prepared for Congressional review. The FYDP BY is 2 FYs from the FY currently being executed. The FYDP CY is the FY preceding BY. PY is the FY preceding CY. In FYDP terminology, PY therefore refers to the FY currently being executed. This use varies significantly from accounting terminology where PY refers to expired FYs.

c. Within this manual, budget abbreviations will have their basis as CY being the FY currently being executed. All budget abbreviations are as defined below and in appendix A to this publication.

   (1) PY-1. Prior year minus 1 year: The FY preceding the prior FY; the second PY in accounting.

   (2) PY. Prior year: The FY preceding the FY currently being executed CY; the first PY in accounting.

   (3) CY. Current year: The FY currently being executed.

   (4) BY. Budget year: The FY following the FY currently being executed; the FY for which the budget submission is requesting apportionment.

   (5) BY+1. Budget year plus 1 year: The second FY following the FY currently being executed.

   (6) BY+2. Budget year plus 2 years: The third FY following the FY currently being executed.

d. O&M, NR, budget submissions from field commands require BY and BY+1 information. O&M, NR budgets also require CY and PY. If the biennial budgeting gains further importance,
annual budgeting by field commands for all appropriations may also be required to address BY+2.

**Funds Flow**

COMNAVRESFOR has funds from three appropriations:

1. Operation & Maintenance, Navy Reserve (O&M, NR)
2. Reserve Personnel, Navy (RPN)+
3. National Guard and Reserve Equipment Appropriation (NGREA)
SECTION I - COMNAVRESFOR Budget Submitting Office

CHAPTER 3 - BUDGETING AND BUDGET AXIOMS

3-1. Budget Process

a. A budget is a financial plan of action to accomplish an organization’s mission and objectives. It expresses in financial terms an organization’s goals for a specified period of time. In developing a budget, an assessment must be made of all valid requirements needed to accomplish the activity’s mission. New or unfunded needs must be identified and prioritized. The required discipline inherent to the budgetary process is to properly identify, compile, and prioritize funding requirements for a given period of time, which requires financial orderliness and efficiency throughout the various levels of command. Within the formulation process, the budget becomes an instrument of planning and decision-making, as well as a statement of priorities. During budget execution constant comparison of actual obligations/expense to the budget plan provides a means of management control and information.

b. The budget process is a continuous and interrelated process that begins at the lowest echelon of command. It flows upward through command echelons with a review and summarization process taking place at each level. This process allows activities responsible for executing the budget at all levels to also participate in its formulation.

c. Constant review of the original budget/spending plan during the FY should take place at all levels in the chain of command. Review includes consideration of obligations to date and projected requirements for the remainder of the FY. The purpose is to identify any variation in the application of resources from the original budget; validate, identify, and prioritize new and old unfunded requirements; and identify any funds available for application to alternative requirements.

d. COMNAVRESFOR prepares 3 budgets annually for each of its appropriations: O&M, NR, RPN, and NGREA. The initial budget for a given FY is an aggregate of FYDP baseline, changes for POM/PR issues, headquarters management and program manager requirements, and field activity requirements. This initial compilation is forwarded to FMB as the COMNAVRESFOR “FMB” submission. It forms the basis from which the “OSD” and “Presidents Budget” submits are later created. Each budget submission includes previously budgeted years and their revised amounts as adjusted by FMB, OSD, and Congress. The listing in figure I-3-1 of this chapter identifies the basic budget cycle of the Navy, along with the basic schedule of participation required by COMNAVRESFOR of its field operating budget holders.
## Navy Budget Cycle

<table>
<thead>
<tr>
<th>Month</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>Field Activities O&amp;M, NR Budget Submission to COMNAVRESFOR</td>
</tr>
<tr>
<td>May</td>
<td>FMB Budget Call to BSOs</td>
</tr>
<tr>
<td>May</td>
<td>Field Activities RPN Budget Submission to COMNAVRESFOR</td>
</tr>
<tr>
<td>June</td>
<td>FMB Budget Controls Issued to BSOs</td>
</tr>
<tr>
<td>June</td>
<td>BSO Budget Submissions to FMB</td>
</tr>
<tr>
<td>August</td>
<td>BSO Budget Submissions for OSD</td>
</tr>
<tr>
<td>September</td>
<td>COMNAVRESFOR POM/Program Review (PR) Call</td>
</tr>
<tr>
<td>January</td>
<td>BSO Budget Submissions for Congress</td>
</tr>
<tr>
<td>February</td>
<td>CNO (N095) POM BSO Issue Submission to Resource Sponsor</td>
</tr>
<tr>
<td>February</td>
<td>Field Activities O&amp;M, NR Midyear Review Submission to COMNAVRESFOR</td>
</tr>
<tr>
<td>March</td>
<td>FMB Midyear Review Call to BSOs</td>
</tr>
<tr>
<td>April</td>
<td>FMB Midyear Review for Claimants</td>
</tr>
</tbody>
</table>

Figure I-3-1
3-2. **Budget Guidance**

a. The basic budget guidance document within the federal government is reference (e). Budget procedures of all federal agencies are required to comply with the rules of this guidance. Reference (e) defines the object classes common to all federal agency budgets. Object classes have been a primary budget tool since the Budget and Accounting Act of 1921.

b. FMB’s budget guidance to Navy BSO’s is published in reference (f). Supplementary annual guidance is published by Budget Guidance Memorandum. These instructions fulfill reference (e) requirements and also expand formal budget submission requirements of Navy BSO’s to satisfy DoD and Navy budget and management procedures. It is reference (f), which forms the basis for COMNAVRESFOR’s budget guidance to its field commands. (Reference (f) and Budget Guidance Memorandum are not distributed below the BSO level.)

c. FMB provides basic budgeting instructions to field commands in the FMB Manuals. Numerous other instructions with Navy-wide distribution address budget requirements of specific programs.

d. The detailed budget instructions included in this manual are provided to meet data requirements of higher authority. In addition, the claimant’s annual budget call contains guidance, policy decisions, and instructions received from higher authority as well as directives generated at the major claimant level. This manual and supplementary guidance are issued to ensure budgetary consistency throughout the BSO.

e. To ensure the BSO budgets give consideration to all known requirements, COMNAVRESFOR requires its subordinate commands to participate in the annual budget cycle by submitting formal budgets for each appropriation. Echelon 4 command budget submission requirements for each appropriation are addressed in this manual.

3-3. **Annual Budgeting**

a. The budgets are developed every year. COMNAVRESFOR will conduct an annual budget call to the Comptrollers in the month of March, with a submit in the month of April.

3-4. **Axioms for Budget Review and Execution**

a. There are many hard lessons learned by program and financial managers in the process of budgeting and execution. Most lessons are learned when funds are lost through budget reductions applied by budget analysts. This is true regardless of the echelon of the losing command and the echelon of the command that applied the budget reduction.

b. In CNO Memoranda number 8 of 7 November 1986 distributed to O&M, NR major claimants, Rear Admiral Jeremy D. Taylor, then Director, Operations Division, Office of Budget and Reports (NCB-1), published the following 14 axioms of budget review and execution:
(1) Need, not want!

(2) Formulate a plan that can be executed - then execute the plan.

(3) Accurate estimates of cost are critical.

(4) Execute within resources.

(5) Fact and reason – not fiction and emotion.

(6) All the pieces fit.

(7) Timeliness is a virtue.

(8) Lousy math is inexcusable.

(9) Adhere to guidance.

(10) Growth must be justified.

(11) Respond to the critics.

(12) Report economies and efficiencies.

(13) Moving money is expensive.

(14) Know your program.

c. While these axioms for budget review and execution were addressed specifically to Navy major claimants concerning their claimant budgets, COMNAVFORSFOR regards them as appropriate for all Navy echelon budgets. Rear Admiral Taylor’s article is therefore quoted in its entirety within this manual for the benefit of all COMNAVFORSFOR echelon 2/3/4 program and financial managers.
Congressional support for growth in the Department of Defense budget has waned. Real program growth for the DON during the current consideration of the FY 1987 President’s Budget by Congress can be expected to be reduced in the appropriations act to zero. This from a high in the teens in the early 80’s. That means a sharp decline in Total Obligation Authority (TOA) available to execute Navy and Marine Corps programs. Belt-tightening throughout the Department is assured. Budgets at every level must therefore be scrubbed clean of wasteful and unjustified expenditures as never before in order to sustain the programs that will enable the Navy and Marine Corps to be ready to fight, and capable of winning if we do. Additionally, the inseparable companion of review - execution - must be significantly improved if Department of the Navy resources and requirements are to be successfully justified and defended in the future.

The Navy Budget

The Navy budget is the financial plan, which describes our approved programs. The magnitude of the annual DON appropriation of nearly $100 billion necessarily focuses intense scrutiny of the Comptroller of the Navy, the OSD, and the OMB staffs on every line of our budget before it is submitted as the President’s Budget in January. Justification of every dollar in the request is crucial - not only to withstand the demanding reviews by the comptrollers who will not hesitate to “mark” improper or unjustified budget requests, but in order to survive the equally rigorous examination conducted by the Congress in the process of authorizing and appropriating the money required to finance our programs.

Budget Review

It is time to apply the same rigorous examination at all levels of the Navy and Marine Corps. The principles of budget review and lessons learned in the formulation, review, justification, and execution of our budget that are practiced in the Washington arena and by the major claimants of Navy and Marine Corps dollars, must be exercised by every CO and officer-in-charge in the department.

In Washington, the DON budget review process is designed to ensure that the budget estimates submitted by the major claimants and administering offices of the Department:

- Reflect the program approved by the SECNAV and CNO and the Commandant of the Marine Corps in the Program Objectives Memorandum;
– Are consistent with guidance (ranging from inflation rates to major program/policy changes) received from all higher levels of authority including the Congress;

– Are executable; and

– Are supportable and justifiable in subsequent reviews by OSD/OMB and the Congress.

Reviews conducted by commanders at all other levels should mirror these goals. This can best be accomplished by using a hard-nosed checklist that should include, as a starting point, the axioms of a budgeter.

Fourteen Axioms

Need, not want. Every element of every program should be examined in detail to determine the validity of the requirement and to ensure that excess is trimmed to a fare-thee-well. Resources committed to programs beyond what is needed result in the loss of other vital programs. This occurs in several ways. First, there is a finite limit to DON resources. If one area absorbs more than is absolutely required, another, perhaps more vital program, is shortchanged. Second, overfunding a program places not only these excess funds at risk of a “mark,” but other programs as well. Third, when a program is overfunded, execution is difficult. Two bad things may result. The unobligated and unexpended excess will alert the sharp-eyed analysts who will use this cause to “mark” future budget submissions. Also, excess funds lead to “year-end spending sprees” that auditors and inspectors watch for like vultures. In either case, the “mark” on future funds will probably be magnified many times the amount of the actual excess. This leads to axiom number two.

Formulate a plan that can be executed and then execute the plan. A good review will not be limited to a 1-year period. A look back of 4 years is recommended as well as a ramp of 2 or 3 years into the future. If a program has been consistently under executed, it is apparent that it is either an overfunded program or one that is poorly managed. In either case, it wastes DON TOA. It is not enough to run a management information center to see how close to a planned obligation rate you can get during the year of execution. Past performance to determine what part of previous obligations were de-obligated after the year-ends must also be analyzed. De-obligations and unexpended resources are lost to our programs, and since these records and data are known to all analysts, frequently conclusions are drawn that we have more money than we need and significant “marks” are made that eliminate program and funds before we can even get going.

Accurate estimates of cost are critical. If you underfund, you will be asking for supplemental funds at midyear that may not be available. The program may be un-executable. Conversely, if you overprice and get overfunded, you will absorb precious resources needed elsewhere.

Execute within resources. The availability of extra funding at year’s end is a diminishing probability. If a habit has habit based on discipline and the real world is required.
Facts and reason - not fiction and emotion. Formed that requires the infusion of funds at midyear or in the last quarter of the FY, new. Justification of a program demands salesmanship. Competition for scarce resources is fierce. The faulty submission that fails to convince the reviewer of high priority need will suffer reductions or elimination. A cogent argument based in fact is a hard requirement. It is not enough to submit a program for funding solely on the basis of a CNO or SECNAV “do it.” The benefit of funding and the impact of not funding the request must be clearly defined. Good justification dispels criticism. Inadequate justification is a first step toward elimination. Midnight oil, detailed analysis, and skillful wordsmithing are required.

All the pieces fit. Out-of-balance programs that do not mesh do not survive. Hard questions must include questions in this area. Are there people to execute the program? Does the support requirement match the demands of the operators? Hangouts get marked, as they should. Balance the program.

Timeliness is a virtue. Late submissions incur the wrath of the recipient. Lateness is intolerable since the budget process is tied to a rigid schedule. Failure to recognize and make the schedule will cost the tardy.

Lousy math is inexcusable. Numbers that don’t track generate confusion, hard questions and the wrong kind of attention. This lack of professionalism, which is totally avoidable, results in the loss of valuable time and energy at the senior review levels. Every year, the analysts encounter numerous errors that are solely the result of dumb and lazy arithmetic. Errors in a budget submit may lead to programmatic cuts.

Adhere to guidance. Know and abide by the rules. Violations lead to program adjustments - downward! Guidance comes in many forms - policy, procedure, and financial - from many sources. But, the challenge is to know what applies and to factor the “givens” into the budget as it starts to take shape so the product is not only executable - it is defendable.

Growth must be justified. In an era of level or negative program growth and funding levels, a Program that grows does so at the expense of other programs. Growth, therefore, will always receive the most intense scrutiny. Justification must be clear, cogent, and convincing. To be persuasive in requesting growth, the justification should answer such hard questions as:

What is the increase for? What program and requirement is supported? What output (good) will come from this? Why should DON do this? What happens if we don’t do it?

Respond to the critics. Auditors and inspectors are at work. Where we violate the axioms and do dumb things, we are susceptible to reasonable and justified criticism. A response is required. Correct the deficiency and ensure that changes are reflected in the budget. Make and report the appropriate adjustment. Show the savings that are the result of audits and inspections.
Report economies and efficiencies. When you have initiated a change in a program that produces savings as a consequence of executing a program more economically or more efficiently, let the word be known so the savings can be used to fund other high priority programs. While these funds may be reallocated to another BSO, and the apparent reward for efficient management is fewer dollars, it must be the goal of all our financial managers and COs to do their utmost to free up unneeded resources for the overall good of the Department. Your efforts will be positively recognized, and where possible, the reallocation of savings will be to support programs within the responsible BSO.

Moving money is expensive. Budgets allocate money, for specific purposes, to the programs approved by the CNO, the Commandant of the Marine Corps (CMC), SECNAV, SECDEF, and Congress. Your decision to execute a different program rightly causes intensive scrutiny - or worse. Further, attempts to reprogram funds between appropriations or budget activities (proper, with Congressional approval) have increasingly become impractical. The process always takes extensive periods of time and frequently results in the disapproval of the increase and a “thanks” for providing the asset. The risk is not worth the gain.

Know your program. A thorough knowledge of: The elements of a program; historical performance; what, why, where, how, when and who; and the lessons learned in the formulation, review, justification and execution of the program are essential. Managers who do not “know their program” in detail are at others’ mercy and efficient use of scarce resources is sacrificed.

The Value

There is a triple value to a rigorous scrub of every budget submission at every level. First, the submitted budget is defendable and the program has an increased probability of survival in subsequent reviews. Second, all hands are supremely familiar with the programs they have shepherded through the process - the same programs they will execute. Execution will improve.

And finally, the comptrollers scrub unjustified funds out, and the resultant assets are applied to higher priority programs. The Navy and Marine Corps, the country, and the taxpayers get the best value for the scarce dollars.

“Lean” is all that present and future DON budgets can provide. Improved budget scrubbing and more precise execution of the resultant plan at all levels is the only prudent course if we are to overcome a leveling of TOA and remain ready to fight and win.”
SECTION II - RESERVE PERSONNEL NAVY (RPN)

CHAPTER 1 - DEFINITIONS AND POLICIES

1-1. Appropriation Description

   a. RPN is an annual appropriation available for obligations during the FY specified in the Appropriation Act. The RPN appropriation funds the pay, allowances, clothing, subsistence, gratuities, travel, per diem, and other related expenses for Naval Reservists performing AT, Active Duty for Training (ADT), or Inactive Duty Training (IDT). The appropriation symbol assigned to RPN is 1405. RPN is described in reference (g), volume 2A, chapter 2.

   b. RPN funds are distributed by the Navy Comptroller N82 (FMB) to three BSO’s: Chief of Navy Personnel (CHNAVPERS) who manages the Full-Time Support (FTS) program, Chief, Bureau of Medicine and Surgery (BUMED) who manages the Health Professional Scholarship Program (HPSP) and COMNAVRESFOR who is responsible for the Selected Reserve (SELRES) portion of the RPN appropriation.

   c. COMNAVRESFOR centrally budgets and executes the RPN funds for Centrally Managed Accounts (CMA) - IDT, death/disability benefits, retired pay accrual, and certain incentives. Beginning in FY 2005, COMNAVRESFOR introduced the Navy Reserve Order Writing System (NRÖWS) that decentralized the management of order-writing programs, i.e. AT, Inactive Duty Training Travel (IDTT), and ADT in the means of an OPTAR. AT funds are issued to the RCCs for SELRES entitlements. Discretionary programs are managed as OPTARs by Operational Support Officers (OSO) assigned to the Fleet and CCMDs. Any arrangements for bus transportation as required should be requested via NRÖWS which is automatically sent to Navy Passenger transportation Office (NAVPTO) to establish travel arrangements. The charge for this type of transportation is charged to a CMA.

   d. The RPN appropriation cannot be used to fund conference fees or tuition for either AT or IDTT.

1-2. Budget Activities (BA). Appropriations are divided into accounts called BAs, which appear in the program element and financing schedule of the President’s budget. The RPN appropriation is divided into two BAs: BA-1, Unit and Individual Training and BA-2, Other Training and Support.

1-3. Annual Plan Financial (APF). An APF represents the total funding a command plans to receive for the FY within its OPTAR. The only RPN OPTAR issued by COMNAVRESFOR and managed by echelon 4 activities is the AT OPTAR. APFs will be identified with a quarterly fund authorization plan. APFs may be issued by COMNAVRESFOR either before or after the beginning of the FY, depending on such variables as the status of the Appropriation Act. Tentative APFs for an upcoming year will be sent to field activities in mid-August for early FY order writing. APFs issued reflect each quarterly authorization, but only the authorization
amount for the respective quarter should be entered in the IDTT Comptroller database on the first day of that quarter.


a. Public laws 31 U.S.C. §1301(a) and §1517 are the laws concerning proper management of appropriated funds. These codes are discussed in detail in section I of this manual.

b. RPN OPTAR holders do not have 31 U.S.C. §1517 responsibility. This responsibility is retained by COMNAVRESFOR.

1-5. RPN Terminology

a. AT

(1) Includes pay, allowances, travel, and per diem.

(2) Entitled to 14 days by Title 10 law.

(3) Cap set at 29 days.

(4) Multiple ATs allowed if local funding available after entitlements are met.

b. IDT. One 4-hour drill; Typical Drill Weekend (DWE) is equivalent to four drills.

c. ADT

(1) Same as AT, but it is discretionary and not guaranteed.

(2) Includes pay, allowances, travel, and per diem.

d. IDTT. Pays for travel and per diem for drills away from permanent drill site.

e. Reserve Management Period (RMP).

f. Additional Training Period (ATP).

g. Additional Flight Training Period (AFTP) (Aviators).

h. Active Duty Operational Support (ADOS).

(1) Active Duty Special Work (ADSW)

(2) Program Manager: NPC N4G2.

(3) MPN/RPN just for pay and allowances - gaining command pays for travel and per diem.
SECTION II - RESERVE PERSONNEL NAVY (RPN)

CHAPTER 2 - BUDGET EXECUTION

2-1. AT Fund Management

a. COMNAVRESFOR (N82) will issue 1st quarter funding for an upcoming FY mid-August to allow RCCs to write AT orders in NROWS for cross-over orders and orders required for the beginning of the FY. Once an Appropriation Act is signed, COMNAVRESFOR will receive an allocation from the Office of Budget, FMB. Allocations will be distributed by quarter based on phasing plans.

b. Each RCC Comptroller will be assigned a financial analyst within the RPN Budget Division to assist them in fund management of their RPN AT allocation.

c. Since AT is an entitlement, it is imperative that all SELRES be afforded the opportunity to perform an AT period each year. The goal of distributing the AT funds is to ensure that adequate funding is available within the Force to accomplish this requirement.

2-2. Distribution of Funding

a. COMNAVRESFOR (N82) will allocate RPN funds through the RIMS-FM to NROWS to the Fund Manager (FM) via Funding Source Codes (FSC). The funds will be allocated by Officer-AT and Enlisted-AT.

b. COMNAVRESFOR distributes AT allocations to the RCCs based on assigned end strength, budget participation percentages, and average tour length of 15 days, inclusive of travel. Upon receipt of AT allocations, FMs in NROWS should use the same rationale, coupled with information received from their subordinate commands, to distribute allocations. Throughout the execution year, FMs need to ensure subordinate commands show AT demand by placing NROWS orders in a commitment status; order saved and routed by the Order Specialist (OS). This information should also provide documentation to allow FMs to shift money from Navy Operational Support Centers (NAVOPSPTCEN) having excess funds to NAVOPSPTCENs where AT requirements exceed funding. FMs may redistribute funds between NAVOPSPTCENs as necessary.

c. The FM will issue funds to a sub-FM by selecting an Order Writing Activity (OWA). The OWA administrator must assign a user(s) as a Fund Approver (FA) role in order to approve orders. FA shall have no other role within the OWA and are not authorized to approve their own orders. Because FAs create obligations on behalf of the government they are required to be appointed by the NAVOPSPTCEN CO using a DD-577.

d. When a member enters their order application for AT, the FSC will default to their command’s FSC based on assigned unit identification code (UIC).
2-3. **Execution of Funding**

a. **Obligations.** When the FA reviews the order costing, there is certain logic that NROWS will use to post to a quarter. The posting rules for orders are as follows:

   (1) The funds for the pay and allowances are charged to the quarter in which the report date falls. If the duty is less than 30 days, the full cost is charged. If the duty is greater than 30 days and the total days cross quarters, the pay and allowances are charged based on the duty days in each quarter.

   (2) The funds for travel and per diem are charged to the quarter in which the order is approved for funding, regardless of the report date of the order.

   (3) If approving orders for an upcoming (next) FY, the obligation logic for pay and allowances will be the same. The travel and per diem will post in the first quarter of the next fiscal year. The FA needs to ensure that funds are available for next fiscal year. For example, when an FA approves an order in February for duty in July, the pay and allowances will obligate in the fourth quarter and the travel and per diem will obligate in the second quarter. NROWS will automatically calculate the proper quarter. The FA needs to ensure that they have available funding for the specific quarter. Once the application is approved, the funds are subtracted from the FSC giving the available balance for the quarter/year. If the wrong FSC is used and it is approved in error, the order will need to be canceled by the OS in order for the funds to be returned.

b. **Manual Orders.** If requirement necessitates the need for manual orders, a block of sequence numbers (5 characters beginning with an alpha letter) will be identified for each RCC FM to maintain. OSs will contact their appropriate RCC FM for the Travel Order Number (TON). The manual order number is required before the OS can enter an application if the report date is before the current date.

c. In FY 2010, COMNAVFOR began using DTS for Reserve Travel. DTS for Reserve Travel is different from DTS used by FTS and civilians as NROWS is a front end system interfaced with DTS, providing all capabilities for travel claim and voucher tracking. The Budget Module within DTS will not be used to track obligations/expenditures. That functionally will remain in NROWS. DTS is mandatory. However, for an interim period and because of limitations within DTS back-to-back orders will continue to be processed outside of DTS. In FY 2015, COMNAVFOR (N82) implemented a web-based RPN travel tracking tool to assist NAVOPSPTCENs in tracking travel claims for all RPN orders. This tool provides NAVOPSPTCENs with reports for timely identification of outstanding claims.

d. **Discretionary Funds.** ADT/IDTT funding is managed by COMNAVFORCOM (N3) based on funding distributions set by Executive Committee (EXCOM).
e. All FAs are required to complete COMNAVRESFORCOM (N82) Job Qualification Requirements for NROWS FA. The final qualification certificate shall be held on file by the FM (RCC Comptroller/COMNAVRESFOR (N3)) for the subordinate FA.
SECTION II - RESERVE PERSONNEL NAVY (RPN)

CHAPTER 3 - RCC COMPTROLLER ROLES/RESPONSIBILITIES - NAVY ORDER WRITING SYSTEM (NROWS) ROLES/RESPONSIBILITIES

3-1. **Fund Manager (FM)**

   a. The FM within the RCC should make sure that internal controls are in place to ensure allocations are properly managed. Within the NROWS structure, one person cannot hold more than one role in managing funds. If manpower limitations do not allow for this separation of duties within a NAVOPSPTCENs, the fund approval function should be assigned to the region. For newly assigned individuals performing FM or FA functions, COMNAVRESFOR (N82) requires that the Job Qualification Requirement (JQR) for NROWS be completed, certification of completion documented by designated officials and documentation maintained by the RCC comptroller. On assessment visits to subordinate commands, RCC Comptrollers will include a review of assigned NROWS roles to ensure separation of duties and verify JQR training completion documentation of all FMs and FAs.

   b. Upon receipt of allocation from COMNAVRESFOR (N82), the FM is responsible for distributing funds to the OWA. The OWA will assign FAs within each region responsible for execution of AT funds. An activity may have more than one FA with the understanding that if multiple FAs are assigned, they will be reviewing the same status of funds.

   c. FMs are responsible for the execution of AT funds distributed to FAs and will monitor by utilizing NROWS reports.

3-2. **Fund Approver (FA)**. FAs are responsible for the management of the funds allocated to them. The FA should have knowledge of order types, obligation rules, entitlements for AT, and order writing/FY policy from COMNAVRESFOR. They should ensure unused or returned tickets and cancelled orders are processed through the system in order to recoup funding.

3-3. **Approving Official (AO)**. RPN orders are written in NROWS for AT, IDTT, and ADT (schools and specials) orders. Although the RCCs are only issued AT funds to manage, they provide oversight for funds management of discretionary programs and coordinate with the NAVOPSPTCENs and Reservists to determine the status of orders and liquidations. For instance, if a set of orders was not executed, they notify the NAVOPSPTCEN/Reservist to cancel the order; if the travel was completed, they monitor the submission of travel claims within the prescribed timelines.

3-4. **Reconciliation**. The FM/sub-FMs are responsible for reconciling orders approved under their control. The FM will follow-up on unliquidated orders (orders with no expenditures 30 days past the end date). The FMs will follow-up on canceled orders with airline tickets to ensure credits are received. Some credits may take up to 3 months to be received. Any canceled orders with ticket charges older than 3 months shall be researched to make sure: (1) the hard ticket was
returned if received or (2) NAVPTO has requested a credit on the E-Ticket. The FA will identify any canceled orders that have expenditures against them to COMNAVRESFOR (N82).

3-5. NROWS Reports

a. Fund Status Report. This report shows the FSC status of funds in obligations and expenditures by quarter. Monitor daily execution and identify to higher headquarters if additional funds are needed for the current quarter. Funds not used in previous quarters are automatically available for current quarter. The report will be by FY.

b. Liquidated Report. This report shows orders that have been fully liquidated.

c. Unliquidated Report. This report shows orders with no expenditures or partial expenditures. Selection criteria would be days past end date (30, 60, and 90), program type (AT, ADT Specials, IDTT, and ADT Schools), OWA UIC or unit UIC. This report monitors orders that need to be researched to determine if the SELRES did the duty or if the order can be canceled.

d. Variance Report. This report gives the user the ability to enter the percent of variance difference from obligation amount to expenditure amount. For example, a 125 percent variance would show that the document will cost all lines if the total pay was obligated at $300 and expenditure posted at $500. All cost lines (Pay, FICA, Travel and Per Diem) can be shown on this report. Orders needing research based on expenditures should be identified to COMNAVRESFOR (N82) through the FM. Navy Pay & Personnel Support Centers (NPPSC) (formerly known as PSD) sometimes pay the expenditures against the wrong Line of Accounting (LOA) causing all expenditures to post against one LOA and leaving other LOAs unliquidated. Identifying these orders to COMNAVRESFOR (N82), through the FM for cost transfers, will correct these problems.

e. Cancellation Report. This report shows documents canceled with expenditures that processed against them. This report is used to monitor unused ticket returns and identify SELRES who were paid on canceled orders. Tickets older than 3 months need to be identified and researched with NAVPTO and COMNAVRESFOR (N82).

f. Manual/Confirmation Report. This report shows orders approved using manual or confirmation orders. Items included on the report are (1) the report date and (2) the date the order was input for each activity to monitor the number and frequency of manual/confirmation orders issued.
SECTION III - OPERATION & MAINTENANCE NAVY RESERVE (O&M, NR)

CHAPTER 1 - DEFINITIONS AND POLICIES

1-1. Appropriation Description

a. O&M, NR is an annual appropriation, established by Congress, available for incurring obligations for expense items (vice investment items) during the FY specified in the appropriation act. This appropriation provides for operating the Navy Reserve Forces and maintaining their equipment at a state of readiness, which will permit rapid deployment if a full or partial mobilization occurs. O&M, NR is subject to all of the rules specified by FMB for the Operation and Maintenance accounts, although specific reference to O&M, NR is generally omitted from FMB publications. The appropriation symbol assigned to O&M, NR is 1806. O&M, NR is described in reference (b), paragraphs 074220 through 074223.

b. O&M, NR provides the day-to-day operations and maintenance funds for such varied costs as flight operations, combat forces mission support, depot level maintenance and civilian personnel. The appropriation funds are distributed by FMB to various BSOs with the largest percentage allocated to COMNAVRESFOR.

1-2. Budget Activity and Activity Group Description

a. Appropriations are divided into accounts called BAs, which appear in the program and financing schedule of the President’s budget. The O&M, NR appropriation is funded in: BA-1, Operating Forces. COMNAVRESFOR has funding responsibilities in BA-1 for all operations costs for the activities under its cognizance.

b. BAs are subdivided into various Activity Groups (AG) for budget and execution purposes. AGs provide grouping of major cost categories, which require detailed budget justification. AGs are subject to change based on higher authority budget direction. The AG structure of the COMNAVRESFOR BSO budget and a general description of the purpose of the funds within these AGs (effective with the FY 2013 President’s Budget) are described below. Detailed information on the costs Sub Activity Groups (SAG), costs accounts within each AG is provided in section III, chapter 3 of this manual.

c. AG 1A, Air Operations, provides funding for all aspects of Navy Reserve Air Operations. Mission and Other Flight Operations, includes all Navy and Marine Corps Tactical Air (TACAIR), Anti-Submarine (ASW) Forces, and shore based logistical fleet air support. The funds provide flying hours to maintain an adequate level of readiness enabling Navy and Marine Corps Reserve aviation to operate, maintain, and deploy in support the National Military Strategy.

(1) Intermediate Maintenance supports Navy Reserve Fleet Repair Centers (FRC) and Marine Corps Reserve Mobile Maintenance Facilities (MMF). These activities perform
intermediate level maintenance which enhances and sustains combat readiness and mission capability of support activities by providing quality and timely material support.

(2) Air Operations and Safety Support supports Federal Aviation Administration (FAA) sites, civilian contractors in support of aviation systems and equipment, and non-flying costs for Navy Air Logistics Office (NAVAIRLOGOFF).

d. AG 1C, Combat Operations Support, provides funding for combat ready forces for immediate deployment in time of full or partial mobilization and significant peacetime support to a variety of active combat support activities. The dual goal of readiness and peacetime support is complementary and accomplishes the object of maintaining adequate skill levels in highly technical specialties through training during weekend drills and active duty training. Combat Operations Support Forces are comprised of several related, but distinct, programs. Effective 2003, Commander, Navy Installations Command (CNIC) has sole responsibility to support Base Operational Support (BOS). BOS funding was transferred from all Navy BSOs to CNIC in 2003, therefore all mission BOS requirements should be funded by CNIC. There are isolated items Contract Berthing and Mission Communication unique to SELRES that COMNAVRESFOR continues to fund.

1-3. Operating Budget (OB) & Fund Administrator

a. O&M, NR funds are issued as OBs to COMNAVRESFOR subordinate command FAs for execution. The FA is specifically designated by the command and is responsible both for budget and execution of all funds allocated by COMNAVRESFOR within an OB, regardless of the operational chain of command of the Reserve units funded within the OB.

b. Guidance regarding the FA’s responsibilities is provided in section I, chapter 2 of this manual. Further guidance concerning FA responsibilities for commands within an OB that are not in the FA’s chain of command is provided in section III, chapter 4 of this manual.

1-4. Subheads

a. AG costs within BAs are accumulated in the accounting system by use of subheads. A subhead is a four-digit alpha/numeric number suffixed to an appropriation code. Subheads further divide each activity group into definable and related programs or groups of programs for ease of administration.

b. As required by FMB for the O&M, NR appropriation, the first and second characters of a subhead identify the BSO (“72” for COMNAVRESFOR) and the third character identifies the Activity group. The fourth character is assigned by COMNAVRESFOR.

1-5. Annual Planning Figure (APF)
a. An APF represents the total funding a FA or command may plan to receive within its OB for the FY. APFs are generally issued for each AG within an OB by means of financial plans. APFs and financial planning within APFs may be subject to specific limitations and restrictions as designated by both COMNAVRESFOR and higher authority, as addressed in paragraphs throughout section III of this manual.

b. APFs may be issued by COMNAVRESFOR either before or after the beginning of the FY, depending on many variables such as the status of the appropriation act. FAs are responsible to ensure that a viable financial plan, not dependent on additional funding from COMNAVRESFOR, is maintained within their assigned APFs.

1-6. New Obligation Authority (NOA)

a. NOA is the authorized amount of funds against which obligations may be incurred. NOA for an annual appropriation such as O&M, NR is apportioned on a quarterly basis, as required by the "Anti-Deficiency Act" and FMB policy. Quarterly NOA allocations are based on a FA’s obligation requirements within their assigned APFs.

b. NOA is issued to FAs on a COMNAVRESFOR Resource Authorization (NAVCOMPT 2168-1). A FA adjustment of the quarterly NOA allocation within the assigned APF (reprogramming between quarters) will only be accomplished with COMNAVRESFOR approval. Approval is granted by COMNAVRESFOR via an amended Resource Authorization.

c. Obligations during the fourth quarter of the FY should not exceed the average of obligations of the prior three quarters.


a. Public Laws 31 U.S.C. §1301(a) and §1517 are the basic laws concerning expenditure of appropriated funds.


1-8. COMNAVRESFOR Resource Authorization (NAVCOMPT 2168-1)

a. Resource Authorizations provide operating budget obligation authority. They contain essential information regarding availability of funds and identify legal limitations, targets, and restrictions on the use of those funds.

b. The NAVCOMPT 2168-1 Resource Authorization is the basic operating budget funding form used by most Navy BSOs. BSOs must use a locally approved form in lieu of NAVCOMPT 2168-1 when more than one subhead must be funded within an OB.
c. The COMNAVRESFOR Resource Authorization separately identifies subheads, NOA, APFs, and specifies the cumulative NOA amounts subject to 31 U.S.C. §1517. It also identifies any specific amounts subject to limitations and restrictions or restriction as determined by COMNAVRESFOR policy. These subjects are individually addressed within this chapter.

d. All information on the COMNAVRESFOR Resource Authorization should be read carefully upon receipt of the original and all amendments issued. The FA is responsible at all times for execution of funds within the limitations cited.

1-9. Limitations and Restrictions

a. Limitations on the obligation and expenditure of appropriated funds in the Navy fall into two categories: (1) Restrictions stated in law and (2) administrative restrictions not based on statute. Statutory limitations are 31 U.S.C. §1301 liabilities with attendant 31 U.S.C. §1517 responsibilities. Prohibits any officer or employee from making or authorizing an obligation in excess of the amount available or making a purchase that is not within the intent or purpose of the appropriation. Administrative restrictions are based on DoD, CNO, and COMNAVRESFOR policies.

b. The limitations and restrictions identified by COMNAVRESFOR on the Resource Authorization issued to its FAs are addressed below in two categories: Those received from CNO within the BSO OB, regardless of whether they are statutory or administrative; and those which are administrative, based on COMNAVRESFOR policy.

c. As stated above, FAs are responsible at all times for execution of funds within the limitations cited on their Resource Authorization, regardless of the limitation category. Requests for adjustments of cited limitation amounts must be formally submitted to COMNAVRESFOR. Approval of limitation adjustments would be issued by COMNAVRESFOR via a formal amended Resource Authorization.

1-10. Limitations Received from CNO and Sub-allocated to FAs

a. SAG Reprogramming. Reprogramming of funds between SAGs by FAs is not authorized. A FA’s funding shortfalls within a SAG are to be addressed by submission of unfunded requirements to COMNAVRESFOR, as provided within the budget guidance chapters of this instruction.

b. NOA Reprogramming. Reprogramming of NOA between quarters by FAs is not authorized without specific formal approval from COMNAVRESFOR. Within COMNAVRESFOR’s quarterly NOA, as issued by FMB, maximum support of FAs’ NOA reprogramming requests will be provided.
c. Travel Limitations. Travel remains to be a high visibility area and Congress routinely levies reductions in travel as part of the appropriations act. BSOs should be mindful and have proper justification for any growth related to travel.

1-11. Limitations and Restrictions Established by COMNAVRESFOR Policy

a. Limitations and restrictions established by COMNAVRESFOR policy are required to protect major funding resources of COMNAVRESFOR. These limitations are not subject to 31 U.S.C. §1517. The number of limitations and restrictions established by COMNAVRESFOR is held to the minimum necessary to ensure that uncoordinated reprogramming of funds does not circumvent the execution of priority programs. FAs may address requirements associated with assigned limitations and restrictions within the budget procedures provided in this manual. COMNAVRESFOR’s approval of changes to any FAs assigned limitations or restrictions will be documented by issuing a revised Resource Authorization. Failure to adhere to COMNAVRESFOR assigned limitations is subject to administrative penalties.

b. Civilian Personnel Labor. A limitation (maximum amount) on the total direct funded plus reimbursable funded labor for all civilian personnel object classes (11, 12, and 13) is established. Funds provided within the OB for direct civilian personnel costs may not be used for any other purpose.

1-12. Reprogramming Authority

a. COMNAVRESFOR strongly supports the authority and responsibility of CO to reprogram among programs and obligate funds within each subhead for the most efficient use, provided it is without violation of statutory or regulatory requirements. As a matter of accountability, COs are required to report and explain reprogramming decisions by updating their financial plans when requested by COMNAVRESFOR.

b. The detailed nature of modern day financial plans, and the requirement to maintain currency, sometimes confuses the fundamentally separate issues of the authority to reprogram and the responsibility to report and explain reprogramming decisions. The detailed financial plan required within this instruction is intended to meet data requirements of higher authority and not to fence funds or to restrict the legal application of funds.

1-13. Status of Reported OB Deficit

a. Under 31 U.S.C. §1517, an officer or employee of the U.S. may not make or authorize an obligation or expenditure that exceeds an amount available in an apportionment or a formal administrative subdivision of funds. Under 1517, we cannot exceed the apportionment itself or the formal administrative subdivision of funds. The receipt of additional funds before the end of a reporting period does not mitigate a limitation violation. If the above violation occurs, a formal Violation of Administrative Control of Appropriations Regulations report will be prepared as each situation occurs. Report format and information required are identified in reference (g)
volume 14, Administrative Control of Funds and Anti-deficiency Act Violations.

1-14. Aviation Depot Level Repairable (AVDLR) Funds Management

a. COs of air activities are reminded that management of AVDLRs remains a high visibility responsibility with potential for enormous impacts on flight dollars. Tracking systems should be sufficient to preclude over expenditure of funds authorized and ensure that all charges are valid. For Naval Air Reserve operations dependent on host activity supply support, liaison with the host activity is a must.
SECTION III - OPERATION & MAINTENANCE NAVY RESERVE (O&M, NR)

CHAPTER 2 - ANNUAL BUDGET, MID-YEAR REVIEW, AND OTHER SUBMISSIONS

2-1. General

a. The COMNAVRESFOR O&M, NR budget encompasses requirements for a large number of diverse programs for both air and surface training and support. The three formal BSO 72 budgets (DON, OSD, and Congressional) submitted to FMB are stated in technical terms of one budget activity, three activity groups, four SAGs, numerous expense elements and object classes, and many pages of justification and interwoven specialized exhibits covering a minimum of 4 FYs. As complex as the BSO O&M, NR budget is, its development follows the basic Navy budgeting criteria of developing requirements and estimates at the lowest level possible, the cost center.

b. The O&M, NR budget procedures that are to be used by COMNAVRESFOR field commands are identified within this section.

c. A budget is a financial plan of action to accomplish an organization’s mission and objectives. COMNAVRESFOR requires that a current O&M, NR financial plan be maintained for each cost center/OPTAR within an OB. The command financial plan is therefore the summary of cost center financial plans. The guidance provided in this chapter is based on procedures designed to enable OB holders to collect budget requirements at their own cost center/OPTAR levels in a manner which provides for both activity level and BSO detailed and summary budget information.

d. Budget Builder (Bud) is a computer database required by COMNAVRESFOR to be used by all OB holders for O&M, NR cost center and command financial plan preparation and reporting. Bud allows automated preparation of OB holder annual budgets, MYRs, and other submissions from a multiyear database containing OPTAR level prior year actual costs, current year financial plans and fund allocations, and future year budget estimates. The Bud database is unique because it allows cost center managers to list requirements using their own English terms and phrases rather than the traditional approach of listing requirements as totals for various categories defined by the activity comptroller, the BSO or FMB. Within each OPTAR financial plan line item entry in the Bud database, FMB budget category coding (SAGS, Special Interest Area codes, Program codes, STARS, etc.) is accommodated to permit automatic summary of data for command budget submission to COMNAVRESFOR.

2-2. Guidance Applicable to All Submissions

a. All OB holders are required to submit two formal O&M, NR budget reports to COMNAVRESFOR each FY: A CY MYR with a CY financial plan update; and a BY and BY+1 budget, including a CY financial plan update. Each of these submissions is specifically addressed within this chapter. A budget event calendar is also included in this chapter to identify
general time frames when these submissions will be made to COMNAVRESFOR. Specific due dates will be identified by separate correspondence, which will also provide any necessary supplemental budget guidance, policies, or one-time submission requirements pertaining to COMNAVRESFOR management or higher authority requests.

b. All budget reporting will include both direct and reimbursable costs, which will be classified using the FMB and COMNAVRESFOR budget category codes issued in the annual cost structure listing. The budget category codes fulfill basic FMB budgeting requirements in addition to requirements that are unique to budgeting for Navy Reserve functions.

c. The current FY financial plan established by all OB holders and reported in each submission to COMNAVRESFOR will adhere to the limitations cited on the latest current FY Resource Authorization (NAVCOMPT 2168-1).

d. All operating budget financial plan/budget preparation and subsequent reporting to COMNAVRESFOR will be accomplished using the Bud database. The database will include a current financial plan for CY and historical data for each cost center/OPTAR within the operating budget.

2-3. Cost Center Budgeting

a. “The development of a local operating budget is a process of determining requirements at the lowest echelon, i.e., cost center or sub-cost center, and summarizing these requirements with those of other cost centers.” COMNAVRESFOR requires that all OB holders collect cost center/OPTAR budget data by issuing formal command budget and MYR calls to all OPTAR managers. This ensures that program managers responsible at any level for program and budget execution are involved in budget development and subsequently that the command budget gives due consideration to all known requirements.

b. A command’s operating budget financial plan will be based on the total of individual OPTAR financial plan line item requirements. All OPTAR financial plans will be maintained in the Bud database.

c. Descriptive line item entries in an OPTAR financial plan to define the purpose of cost center costs clarifies program support requirements and provides details necessary for budget review and justification. In budgeting with Bud, presentation of historical actual cost data for specific line items within an OPTAR helps to dispel an assumption that the OPTAR holder must automatically be funded in the current year an amount equal to or greater than the previous year OPTAR funding.

d. OPTAR Financial Plan Level of Entry Guidelines. The following guidelines are to be considered when determining what should be included within each cost center budget:
(1) An OPTAR financial plan should be a statement of the specific types of costs required to support the programs and administration of a cost center as well as a statement of cost estimates. Line item descriptions should be written in plain English at a level that is meaningful to the cost center manager while also fulfilling FMB and COMNAVRESFOR required budget category distinctions.

(2) Both direct funded and reimbursable funded costs will be budgeted. Separate OPTARs are required for direct and reimbursable costs for both budget and accounting purposes.

(3) Costs will be separately identified to fulfill the requirement of identification of appropriate FMB and COMNAVRESFOR budget codes. COMNAVRESFOR (N81) issues this detailed cost information annually. Each OPTAR requirement will be assigned the appropriate COMNAVRESFOR required budget codes by the activity comptroller.

(4) The use of line item descriptions that duplicate the name of a SAG or expense element can often be meaningless to the cost center manager. While all costs equate directly to specific SAGS and expense elements, these FMB budget categories are insufficient to identify a cost. Generic terms such as “mission support” that defy logical OPTAR requirement definition will not be accepted by COMNAVRESFOR.

(5) Line item entries may equate to specific job orders or cost accounts, may be a consolidation of many job orders, or may be a further identification of costs within a job order. This determination is at the discretion of the activity comptroller in coordination with the OPTAR manager.

(6) Contracts, which are of a continuing nature (executed every FY) within each OPTAR will always be separately listed and specifically identified. Do not use the term contracts” or “annual contracts” for line item descriptions.

(7) One-time costs of significant value should be listed, whether for contracts, travel, equipment, or any other element of expense, to permit analysis of fluctuations in OPTAR funding levels between FYs.

e. Actual and Planned Annual Dollar Amounts and Units

(1) Cost center budgets will include historical, current FY, and budget year estimates within each budgeted line item.

(2) The Bud database will include both annual financial plan amounts and actual obligations within each budget line item.

f. Unfunded Requirements. Continuous documentation of unfunded requirements is a prerequisite to control year-end spending.
2-4. **Command Annual Budget Procedures**

a. A command’s internal budget procedures will consist of a detailed review of each OPTAR’s requirements: Analysis of current year execution versus the plan; identifying excess funds for both CY and BY for possible application to other command requirements; and identifying BY funding shortfalls for the programs within the OPTAR. Solicitation of unfunded requirements from OPTAR and program managers in conjunction with a detailed review of the OPTAR plan by these managers forms the basis of an accurate statement of a command’s financial status. Solicitation of unfunded requirements alone is inadequate. All commands will use the following procedures to accomplish their command annual budgets.

b. **Command Budget Call.** A command budget call instruction, a BY Tentative Annual Planning Figure (TAPF) and a Bud “OPTAR Budget Call” report will be distributed by the comptroller to each OPTAR manager to permit their maximum participation in the budget process.

   (1) The OPTAR manager will review all budget line item entries on the OPTAR Budget Call report. Line item descriptions may be adjusted or added during this process to make the budget report as meaningful as possible to the OPTAR manager.

   (2) Within the total CY amount authorized and recognizing any reprogramming restrictions assigned by the activity comptroller, the OPTAR manager will request revised amounts for each budget line item to reflect the latest financial plan for the current FY. The total of all entries may not exceed the amount of the CY OPTAR authorization. The total of all entries may be less than the amount of the CY OPTAR authorization to identify a decrease in OPTAR funding requirements. A review of OPTAR outstanding unfunded requirements for CY may be requested at this time for internal use if desired. OB unfunded requirements for CY may not be submitted to COMNAVRESFOR within the annual budget.

   (3) Within the total BY TAPF assigned to the OPTAR by the comptroller, the OPTAR manager will establish funding priorities and enter a BY quarterly allocation request for each budget line item. While reprogramming restrictions may be identified in the command budget call, these restrictions should be kept to the minimum necessary to comply with claimant designated restrictions or to reflect command policies and priorities. The total of all entries may not exceed the amount of the BY TAPF assigned. The total of all entries may be less than the amount of the BY TAPF assigned to identify a decrease in OPTAR funding requirements.

   (4) A requirement for justifying any change in funding levels for each budget line item between the CY amount on the OPTAR budget report and the BY request amount may be specified at the discretion of the activity comptroller.

c. **Comptroller Review of Cost Center Budgets**
(1) The comptroller’s office will review all OPTAR budget submissions and update the Bud database to reflect command budget decisions. The CY financial plan resulting from the comptroller’s reviews will be entered into the “CY APF” data field; the budget plan for the next 2 FYs will be entered in the “BY TAPF” data fields; valid unfunded requirements submitted by the OPTAR manager and not included as funded within the “BY TAPF” entries will be entered to officially document the OPTAR budget submission; PY actuals are to be entered in the “PY Actual” and “PY-1 Actual” data fields.

(2) OPTAR budget reports and copies of OPTAR budget review result reports, including unfunded requirements, will be kept on file in the comptroller office for COMNAVRESFOR command inspections.

(3) In rebalancing the command’s CY financial plan and establishing a BY financial plan as a result of these detailed reviews, the comptroller will ensure that all mandatory controls specified on the COMNAVRESFOR Resource Authorization or in guidance issued as supplemental to this manual in the annual budget call are met.

d. Civilian Personnel (CIVPERS) Budgeting. To permit effective financial planning, CY and BY CIVPERS budgeting will be accomplished by field activities using the three procedures identified below.

(1) OPTAR line item budgeting in the Bud O&M, NR Budget File will be accomplished at the one digit expense element “u” level within each UIC/SAG/Special Interest Area/Program and STAR code. Civilian end strength will be included as work units.

(2) Detailed budgeting of costs for each civilian employee/position will be accomplished using Bud for civilian personnel software.

(3) CY actual civilian payroll data will be maintained in the Bud for civilian personnel system payroll file to permit analysis of execution of the CY CIVPERS budget. Payroll data from each pay period for the current FY is required. Payroll data reports are to be submitted to COMNAVRESFOR with MYR, the annual budget and year-end.

e. Comptroller Auditing; Budget Balancing. The Comptroller will audit the command financial plans to ensure that the budget to be submitted to COMNAVRESFOR is in balance with controls issued by COMNAVRESFOR.

f. Comptroller’s Review of Command Unfunded Requirements. Subsequent to review of OPTAR plans, OPTAR unfunded requirements, and rebalancing of the command financial plan to distribute available funds, a determination should be made whether to submit command unfunded requirements to COMNAVRESFOR. The following guidance will be used in this decision process. Unfunded requirements will be entered into a unfunded requirements spreadsheet.
(1) Command unfunded requirements will be stated in terms of command programs vice a repetition of OPTAR unfunded requirements, although in some cases they may be the same if a particular OPTAR is responsible for command program execution.

(2) Unfunded requirements will be prioritized by the command before submitting them to COMNAVRESFOR. The formal annual budget submission is regarded as a statement of command priorities, both funded and unfunded. Unfunded requirements, which are not prioritized, will not be accepted by COMNAVRESFOR.

(3) A request for funding of an item or task that has already been executed is an invalid request. The unfunded requirement process should not be viewed as a payback system. While items that were previously funded but have not been executed in deference to other command priorities can be addressed as unfunded, caution should be exercised because of the possibility that additional funds from COMNAVRESFOR may not be available to resume funding of the deferred item.

(4) The minimum value of an unfunded requirement submitted to COMNAVRESFOR will be $10,000.

(5) Narrative and cost computation figures in support of the unfunded requirement will be sufficiently detailed to completely identify and explain the requirement.

g. Other Submission Requirements

(1) **BY Monthly Obligation-Phasing Plan.** A monthly obligation-phasing plan for BY is to be submitted with the annual budget in April. The plan is to identify the amount of obligations planned for each month, by program, and not the cumulative obligations including previous months. The total of each 3 months will equate to the quarterly NOA request for the command for BY within the total BY TAPF assigned as the budget control. The monthly obligation-phasing plan is provided in Bud.

(2) Dependent on FMB requirements, additional subsidiary exhibits which are either a one-time requirement or which conflict with the Bud structure may be required. Identification of any such requirements will be made in the COMNAVRESFOR O&M, NR budget call letter.

h. **Summary of Annual Budget Submission Requirements.** The O&M, NR Annual Budget Submission specific due dates for the following submission requirements and any supplemental guidance or one-time submission requirements will be identified in the COMNAVRESFOR annual budget call letter.

(1) The annual budget submission package will be submitted in May, to include the following:

(a) A balanced budget.
(b) Hard copy Bud O&M, NR Budget file reports: Summary and detail budget report options and number of copies to be submitted will be identified in the COMNAVRESFOR budget call letter.

(c) Hard copy civilian personnel and payroll reports.

(d) Hard copy Unfunded Requirement spreadsheet.

(e) The BY Monthly Obligation Phasing Plan is required.

(f) Database files: O&M, NR Budget, Actuals, and civilian personnel.

(2) Dependent on FMB requirements, additional subsidiary exhibits. Identification of any such requirements will be made in the COMNAVRESFOR budget call letter.

2-5. CY MYR Procedures

a. A MYR of the current FY financial plan is required to be submitted annually to COMNAVRESFOR. A MYR and an annual budget are similar because they both include the requirement to review and update the current FY financial plan. Both procedures require analysis of execution versus the plan, identifying funding shortfalls for the programs within each OPTAR, and identifying excess funds for possible application to other OPTAR or command requirements. Reprogramming of funds, within the limitations cited on the Resource Authorization, will be accomplished to the maximum extent to ensure that a viable command financial plan, not dependent on additional funding from COMNVRESFOR, is maintained within the assigned APF.

b. Command MYR Call. A command’s internal MYR procedures will consist of a detailed review of each OPTAR’s requirements. Soliciting unfunded requirements from OPTAR and program managers in conjunction with a detailed review of the OPTAR plan by these managers forms the basis of an accurate statement of a command’s financial status. Soliciting unfunded requirements alone is inadequate. All commands will use the same procedures identified in subparagraphs 4b, c, d, e, and f above for the MYR, using Bud. A summary of these requirements is provided below.

(1) Reports displaying direct and outstanding unfunded amounts, will be distributed by the comptroller to each OPTAR manager to permit their maximum participation in the MYR budget process. Current FY reprogramming and unfunded requirements will be identified by the OPTAR manager for submission to the comptroller.

(2) The comptroller will review all MYR submissions and update OPTAR CY financial plans, prior year actuals, and OPTAR unfunded requirements.
(3) In updating the command financial plan, the comptroller will perform the auditing identified in subparagraph 4f above to ensure that all controls on the Resource Authorization are met.

c. **Unfunded Requirements.** While provisions are made for submission of OB unfunded requirements in the MYR, OB holders are responsible to ensure that a viable financial plan, not dependent on additional funding from COMNAVRESFOR, is maintained within their assigned APF. Not more than 10 OB unfunded requirements may be submitted.

d. **CY MYR Submission Requirements Summary.** The annual CY MYR will be submitted to COMNAVRESFOR in February of each FY. The specific due date will be identified in the COMNAVRESFOR MYR call letter. The submission package will include the following items:

   (1) A **balanced** budget.

   (2) Hard copy Bud O&M, NR Budget file reports: Summary and detail budget report options and number of copies to be submitted will be identified in the COMNAVRESFOR MYR call letter.

   (3) Hard copy CIVPERS and payroll reports using both Bud and CIVPERS report options in Bud.

   (4) Hard copy Unfunded Requirements.

   (5) Database files: O&M, NR Budget, CIVPERS, and Unfunded Requirements spreadsheet will be submitted for consolidating into the claimants’ database.

   (6) Dependent on FMB requirements, additional subsidiary exhibits which is either a one-time requirement or which conflict with the Bud structure may be required. Identification of any such requirements will be made in the COMNAVRESFOR MYR call letter.

2-6. **Other Submission for CY**

   a. **Financial Plans** are established at the beginning of the FY within the APF assigned.

      (1) PY actual obligations (reconciled memorandum record amounts) will be reported for the FY, which ended on 30 September. No changes are to be made to the “PY APF” data field subsequent to the expiration of the PY appropriation.

      (2) The Civilian Personnel database will be updated to establish a CY plan for civilian personnel costs within the CY APF.
(3) In establishing the command CY financial plan, the comptroller will perform the auditing identified in subparagraph 4f above to ensure that all controls on the Resource Authorization are met.

b. **Special Emphasis Analyses.** To fulfill requests for information of either COMNAVRESFOR management or higher authority, separate analysis of costs dealing with special subject matters may be required at any time during the FY. These requirements are generally one-time in nature. Any such special emphasis analyses and corresponding submission requirements will be identified by separate correspondence.

2-7. **Flight, SAG 1A, and Budget Procedures.** The majority of funding for air activities for SAG 1A is determined by COMNAVRESFOR and Commander, Naval Air Force Reserve (COMNAVAIRFOR) program managers based on flight hour allocations to each squadron. The costs of these hours are budgeted by COMNAVRESFOR. Funding allocations are adjusted by COMNAVRESFOR during the FY based on changes in flight hour programs as well as actual cost per hour experienced by each squadron. Items that are not budgeted specifically by COMNAVRESFOR, as well as various FMB required information, will be submitted by OB holders. These items are reimbursable funding, annual contracts, and travel. All of these budget items will be identified by the OB holder in their Bud database, adhering to basic requirements of OPTAR, benefiting UIC, SAG, expense element, and reimbursable appropriation coding.

a. **Comptroller Action: Squadron Travel Budget Calls.** Comptrollers will issue a travel budget call to all station Navy Reserve squadrons. With this budget call, the comptroller will provide each squadron with a Bud report displaying historical and current year data for number of days and dollars. Squadrons will be directed to enter their budget year requests by quarter on the Bud travel budget report and forward the budget request to their appropriate wing, with a copy to the comptroller. The comptroller will enter the squadron’s budget year travel request into the Bud to be submitted with their annual budget submission.

b. **Wing Travel Budget Procedures.** Wing commanders will review each squadron’s travel request and adjust each as required to reflect accurate program requirements for the BY. A wing travel budget request will be submitted to COMNAVRESFOR (N81) to reflect the wing commander’s approved request by quarter for each of the squadrons under its cognizance. This budget request (listing by squadron) will form the basis of coordination between COMNAVRESFOR (N81) and COMNAVAIRFOR (N43) for travel funding allocations.
3-1. General

   a. O&M, NR budget execution encompasses a wide range of functions and responsibilities, all of which revolve around the basic requirements of control of funds and management accountability for the resources entrusted to it. This section identifies procedures to be used by all COMNAVRESFOR OB holders to provide a sound basis of funds control throughout the Force.

   b. Accounting for budget execution by use of an approved official accounting system is a major function of field activity comptroller offices. While the procedures prescribed in this section have been developed to be compatible with accounting systems in use, accounting system procedures themselves are not addressed.

   c. While this manual addresses many of the uses of O&M, NR funds, all of the regulatory requirements governing the application of federally appropriated funds are too massive to be a matter of detailed discussion within this manual. COMNAVRESFOR comptroller organizations, as well as comptroller organizations within the Navy, are expected to use all available instructions dealing with the legal execution of appropriated funds. While the major sources of information employed on a daily basis within Navy are DON manuals, publications, and instructions, guidance issued by General Accounting Office (GAO), the Comptroller General, and DoD must also be employed.

   d. Obligations. An obligation is a legally binding agreement or action that will result in outlays immediately or in the future. It is incurred when an order is placed, a contract is awarded, a service is received, orders are issued directing travel, and similar transactions are entered into; during a given period requiring payment of money in an agreed amount. This definition, in conjunction with the direction provided in reference (g), applies for purposes of the use of the term “obligation” within this chapter.

3-2. Basic Budget Execution Procedures Required

   a. The chart in figure III-3-1 of this chapter is a summary of minimum budget execution procedure requirements for all COMNAVRESFOR OB holders. All of these procedures are discussed in detail within this section.
b. **Budget Execution and Bud**

   (1) The O&M, NR financial management program is called Bud. Bud contains OPTAR level PY actual costs, current year financial plans and fund allocations, and future year budget estimates.

   (2) COMNAVRESFOR requires that all OB holders use Bud to the maximum extent possible for daily budget execution and funds control. This requirement is for all BAs and subheads. Bud will therefore function as the primary funds control mechanism at all commands. The requirements and procedures for use in Bud are referenced throughout this chapter.

3-3. **Funds Control**

   a. **OPTAR Designations**
(1) OPTARs delegate authority to cost centers for budget execution and set responsibility for OPTAR record maintenance. COMNAVRESFOR requires that all OB funds against which obligations will be made at all commands will be authorized by issuing OPTARs to officially designated OPTAR managers. While COMNAVRESFOR requires the use of OPTARs by its OB holders, the CO of the activity is responsible for the administration of all authorizations of funds granted to the CO, and the responsibility cannot be delegated, in whole or part, within their command. The CO retains complete legal responsibility under Title 31 U.S.C. §1517 for all obligations incurred for functions covered by the target amounts.

(2) The determination of which cost centers within a command should receive OPTARs and the number and purpose of these OPTARs will be at the discretion of the local command. The priority in this determination is control of funds. However, COMNAVRESFOR prohibits the central management of all OB funds within the comptroller’s office. A distribution of funds to responsible cost centers encourages the involvement of program managers in the budget development and budget execution process and prevents unnecessary delays in operational decisions and planning.

b. OPTARs for Centrally Managed Funds. Funds which, are centrally managed within the comptroller department must also be authorized by OPTAR. Memorandum record keeping is also required for these OPTARs. Types of funds which, are sometimes centrally managed are civilian labor, funding to host activities for ISA requirements, and other reimbursable orders issued. All centrally managed OPTARs must use the benefiting UIC, not the UIC of the OB holder.

c. OPTAR Authorizations. Formal notification of OPTAR amounts will be provided to OPTAR managers by the comptroller by issuing OPTAR authorizations. All OB holders using Bud will produce OPTAR authorizations. The Bud users’ guide identifies the technical procedures involved in issuing an OPTAR. The following are COMNAVRESFOR requirements for all OB holders’ authorization of OPTARs.

(1) All OB funds against which obligations will be made at all commands will be authorized by issuing OPTARs to officially designated OPTAR managers.

(2) All O&M, NR OPTAR authorizations will be issued using Bud. This requirement pertains to all subheads.

(3) Separate OPTAR authorizations will be issued for each of the following: Direct and reimbursable funds.

(4) The OPTAR authorizations will provide full documentation on the results of budget decisions concerning the items funded within the command’s overall fund availability, not just a total of funds available for execution by the OPTAR manager.
(5) The budget items authorized on the OPTAR form will not be restricted to and identified solely by Navy budget categories for the benefit of the Comptroller, but rather identified in descriptive language that describes the operational requirements of the cost center and is therefore fully understandable to the OPTAR manager responsible for execution.

(6) CY OPTAR authorization forms will identify the annual plan amounts for the OPTAR within 1 month after receipt of the OB holders’ CY APF. Identification of the annual plan for each authorized line item on the OPTAR form will be accomplished by entry of quarterly plan amounts, not just by identifying an OPTAR total APF.

(7) Amounts that are included in an OPTAR authorization that are subject to limitations identified on the COMNAVRESFOR Resource Authorization or other legal limitations will be specifically identified to the OPTAR holder within the level of control required by the activity CO.

(8) The total of annual plan amounts included on all OPTAR authorizations for direct funds may not exceed the direct APF amounts identified on the latest COMNAVRESFOR Resource Authorization. This requirement pertains to both the current FY and all prior FYs. Prior FY OPTAR authorizations will be adjusted whenever necessary after expiration of the appropriation to reflect adjustment of funds among OPTARs, funds withdrawn and returned to COMNAVRESFOR, or additional funds received.

(9) OPTAR authorizations may only be signed by the activity CO or designated personnel possessing “By direction” authority.

d. Status of Funds Reporting. Status of funds reporting is an inherent financial management internal control procedure. Control of funds, management decision making, analysis of execution to the budget plan, validation of the accuracy of official accounting reports, review of the efficiency of internal record keeping procedures and timeliness of document flow, and cognizance of the activity CO in relation to 31 U.S.C. §1517 liabilities are all products of status of funds reporting. The status of funds reporting requirements identified in the following paragraphs are considered the minimum necessary to ensure that procedures in use for control of funds are effective. Prior year reporting requirements give recognition to the 31 U.S.C. §1517 liabilities, which continue to exist after the expiration of the appropriation and also permit identification of funds available for return to higher authority.

(1) OPTAR Status of Funds Reporting for CY. OPTAR managers will be required to provide a CY status of funds report to the activity comptroller a minimum of once each month during CY for the first 11 months. Dependent on locally established procedures for control of year end spending, status of funds reporting during the last month of the FY shall accelerate in frequency to weekly for the first 2 weeks and daily thereafter, even if provided by telephone. The minimum information to be reported is funds authorized, total memorandum obligations, and memorandum balance.
(2) OPTAR Status of Funds Reporting for PY and PY-1. OPTAR managers will be required to provide prior year status of funds reports to the activity comptroller in conjunction with prior year reconciliations and reviews of outstanding obligations. Use Bud Quarterly OPTAR report options for this reporting of actual obligations is highly recommended. This enhances analysis of CY and BY requirements for each OPTAR, identifies PY and PY-1 funds available for return to higher authority, and permits accurate reporting of prior year actuals in Bud within each required budget submission to COMNAVRESFOR.

(3) Comptroller OB Status of Funds Reporting. The comptroller will use Bud to maintain a daily record of funds issued and unissued, and to prepare OB status of funds reports for both comptroller department use and to provide to the CO. A Bud “Funds Status” report will be provided to the CO at least monthly for CY and at least quarterly for PY and PY-1. This report identifies funds by OPTAR within the OB and requires identification to the CO of the official accounting report fund status in addition to memorandum status. Other Bud summary report options as well as locally customized funds status reports can also be used to supplement the Bud OB “Funds Status” report as locally desired.

(a) Memorandum records monthly OPTAR funds status reports and official accounting report commitments, obligations, and expenditures will be compared to the Bud OPTAR file on the Funds Status report provided to the CO. Official accounting report expenditure data will not be viewed as superfluous information. Official expenditures are frequently the final determination criteria for 31 U.S.C. §1517 liability. All gross adjusted obligations from official accounting reports will be included, regardless of reconciliation status.

(b) The APF and cumulative NOA reported on each Funds Status report for each FY must equal the APF and cumulative NOA from the COMNAVRESFOR Resource Authorization in effect for the reporting period. PY and PY-1 OPTAR authorizations will be adjusted as necessary to reflect withdrawal or increases in OB funds after expiration of the appropriation.

(c) The status of funds pertaining to CY limitations identified on the Resource Authorization will also be reported to the CO. Use of Bud local codes and budget summary local code report options is a viable method of accomplishing this reporting if desired.

(d) Footnoted or attached narrative explanations will be provided to the CO to identify reasons for deficit conditions reported for any OPTAR or for large variances between memorandum and official obligations.

e. Timely Submission of Obligations. “The prompt and accurate recording and reporting of obligations is required for adequate fund control.” This is true for both the memorandum records on which the activity relies for funds control and the official accounting records on which the COMNAVRESFOR and higher authority rely for funds control. All commands will ensure that document flow from cost centers to the comptroller’s office is efficiently managed and that obligations are processed into the official accounting system in a timely manner. The goal of all
commands shall be a minimum variance in the amount of official accounting report obligations and memorandum record obligations at the end of each month.

f. **Control of Funds for Prior FYs.** All commands will continue the procedures necessary after the expiration of an appropriation to ensure that funds control for prior FYs is effective. Reconciliations and funds status reporting will continue to be required after expiration of the appropriation. 31 U.S.C. §1517 liabilities do not cease on 30 September. All commands are also required to be able to identify on a continuing basis PY and PY-1 unobligated amounts, which are available for return to higher authority.

g. **Control of Travel.** As addressed in section I, chapter 2, paragraph 9 of this manual, government travel cost is a matter of significant Congressional interest and is a high visibility item with FMB. Execution of travel funds, promptness in settlement of claims and collection of overpayment of travel advances for commands are closely monitored by COMNAVRESFOR.

h. **COMNAVRESFOR requires the following:**

   (1) **Denial of Travel Orders.** It is the responsibility of the CO to ensure that all travel claims are filed within 5 days after completing travel. If the claim is not filed and becomes delinquent, no further travel orders will be issued and no advances authorized.

   (2) **Accounting Reports Corrective Action.** Ensure that aggressive and timely action is taken to correct erroneous official accounting records as substantiated by documentation available to the comptroller department.

i. **CIVPERS Execution.** CIVPERS budget controls (End Strength (ES), Full-Time Equivalent (FTE) work-years, and the amounts by object class) are not limitations (ceilings and floors). They are a mechanism for tracking budget and execution. Only the total direct funding is a limitation (floor, not ceiling) as specified on the Resource Authorization “Direct funded civilian personnel labor in the amount of xx within the assigned APF may not be used for any other purpose without prior formal approval of COMNAVRESFOR (N81).”

   (1) Commands should realign CIVPERS funds between Object Class (OC) 11, 12, and 13 to fulfill their FTE execution requirements to produce a fully balanced/funded program.

   (2) The civilian labor reprogramming justification form provided in budget call instructions is also to be used to identify excess civilian labor funds for withdrawal.

   (3) The Bud CIVPERS employee budget database is to be maintained continuously for projecting CY civilian labor costs and to monitor execution vice budget.

   (4) Bi-weekly civilian payroll report files are to be downloaded into Bud for CIVPERS to permit comparison of execution to the budget, to fully monitor CY execution, and to permit reporting of payroll data at midyear review, budget call, and end of year actuals.
(5) Budgeting, executing, and reporting of civilian labor are required at the UIC, SAG, SI, PROG, and STAR budget code levels in both Bud for CIVPERS and Bud.

(6) Monthly Onboard Reports are to be sent to the BSO CIVPERS analyst.

3-4. **OPTAR Memorandum Records**

a. **Purpose.** “COs will require their operating target holders (cost center managers) to keep memorandum accounting records necessary to provide a current balance of unused NOA… in the absence of real-time or near real-time financial systems; …such accounting records… are an integral part of the funds control process.”

b. **Requirements for Memorandum Records.** Fund Administration and Standardized Document Automation (FASTDATA) is a web based system required by COMNAVRESFOR for all Fund Administrators and OPTAR holders. Besides providing for automated source document creation, document control logs, and memorandum records, FASTDATA Web provides funds control, fund status reporting, system interfaces supporting COMNAVRESFOR business processes, FASTDATA to STARS-FL reconciliations, purchase card tracking, and fuel consumption reporting. Reconciliations to STARS-FL highlight discrepancies at the document level with the official accounting system, including differences on commitments, obligations, payables, and expenditures or missing documents.

c. **Reconciliation.** COMNAVRESFOR requires detailed reconciliation between the memorandum records and the official accounting records of each OPTAR. Throughout this discussion of reconciliations, the use of the term “obligations” shall encompass all gross adjusted obligations (undelivered orders, accounts payables, and disbursements) and commitments.

(1) **Purpose of Reconciliation.** The basic purpose of reconciliation is to determine if all obligation documents affecting the fund availability of the OPTARs and the OB have been accurately recorded. Subsequently, both the memorandum records and the official accounting records of the OB should state the true financial status of the command and also provide reliable cost accounting. All comptrollers must also be sensitive to the fact that it is the official accounting reports which form the basis for higher authority budget execution review and for claimant budget justification to higher authority. Significant inaccuracies in official accounting reports throughout the Force can have a negative impact on the level of funds allocated to the O&M, NR appropriation. Simply stated, the funds available to your command are directly impacted by the accuracy or inaccuracy of your official accounting reports.

(2) **Reconciliation Content Requirements.** The reconciliation procedures established at all commands will include methods to address the items listed below to ensure meaningful reconciliations.

(a) Verify that all obligation documents are recorded in the correct amount both in the memorandum records and on the official accounting records: Memorandum records and
OPTAR unobligated balances will be adjusted to record valid obligation differences, including posting of obligations not previously recorded and migration of costs from no-cost to cost; aggressive action will be taken to correct invalid obligation differences on the official accounting reports, including immediate recording of obligations or cancellations which are not reported.

(b) Validation of any disbursements reported on the official accounting records for which no obligation was previously recorded: Valid “un-preceded” disbursements will be recorded in the memorandum records to reduce the OPTAR fund availability; aggressive action will be taken to remove invalid un-preceded disbursements from the official accounting records; comptrollers will analyze the causes of frequent un-preceded disbursements and take corrective action to prevent further occurrences.

(c) Verify that material and services have been received for all disbursements. Inquiries or documentation should be submitted to Defense Finance and Accounting Services (DFAS) for anything billed but not yet received.

(d) Fund Holders are to ensure that obligations and commitments are valid for current transactions as they occur. Additionally, a tri-annual review process is an internal control practice used to assess whether commitments and obligations recorded are bona fide needs of the appropriations charged. Fund Holders shall conduct a tri-annual review for all dormant commitments, unliquidated obligations, accounts payable and accounts receivable transactions for timeliness, accuracy, and completeness during the 4-month periods ending January 31, May 31, and September 30. Validate commitments and undelivered order obligations that have been dormant for 120 days. For dormant contracts, which have been physically complete for 12 months or more and have remaining funds of less than $1,000, the accounting office may deobligate the funds based on a written consent from the funds holder and contracting officer.

(e) Verify that official accounting report obligations are recorded against the correct job orders and expense elements.

(f) Comptrollers will require formal reconciliation reporting for each OPTAR.

(3) Reconciliation Frequency. Reconciliations and formal reconciliation reporting by the OPTAR record keeper to the comptroller will be accomplished with the following minimum frequency: Monthly for current FY, monthly for PY for the first 3 months after expiration of the appropriation and quarterly thereafter, and quarterly for PY-1. Comptroller departments will forward the OPTAR record keepers only those official accounting reports that are necessary to accomplish reconciliations.

(4) Validation of Outstanding Obligations. COMNAVRESFOR requires that frequent reviews of memorandum record and official accounting report outstanding obligations be accomplished to ensure the maximum use and control of funds. Within the reconciliation process, the status of all outstanding obligations will be verified for timely identification of cancellations and price increases or decreases resulting from procurement and receipt.
will be taken by the command, in coordination with the DFAS, to obtain billing action for all material and services received or documentation stating that no billing will be issued, thereby supporting cancellation of an obligation. Aggressive and timely action for CY funds precludes the need to de-obligate funds after the end of the FY. De-obligation of prior year funds means not only that valuable training resources were lost in the applicable FY, but also that this COMNAVRESFOR and subsequently your command are subject to FMB budget reductions in future FYs.

3-5. **OPTAR Instructions and Training.** COMNAVRESFOR requires that all activity comptrollers publish command financial management instructions to OPTAR managers and record keepers. These formal instructions will address the items listed below. Comptrollers are also responsible to educate OPTAR managers and train OPTAR record keepers.

   a. Command financial policies,
   
   b. CO, comptroller, and OPTAR holder responsibilities,
   
   c. OPTAR record keeping procedures and reporting requirements, and
   
   d. OPTAR holder budget participation requirements.

3-6. **Obligation Recording.** All obligations processed in the official accounting system by all OB holders will comply with the requirements of reference (g). Estimated future obligations should not be recorded in the accounting records in advance of their becoming valid obligations. In other words, only the amount which applies to the current month may be entered by the comptroller into the official accounting reports as an undelivered order or accounts payable obligations. FMR defined “commitments” will only be entered in the official accounting system as commitments, not as undelivered orders or accounts payable obligations.

3-7. **Reimbursable Funds Management and Execution.** A command’s reimbursable funds are subject to 31 U.S.C. §1517 regulation just as direct funds are. The responsibilities of the performing activity to its reimbursable customer are fully addressed in reference (g) and are not addressed here. This paragraph addresses only matters of special interest to COMNAVRESFOR.

   a. **Funds Control.** Reimbursable funds may be issued to cost centers as OPTARs or centrally managed in the comptroller department at the discretion of the command. Under either circumstance, funds will be controlled to prevent over-obligation of the amount authorized by each reimbursable order. Funds status, both annual and quarterly, will be maintained by the comptroller in Bud to fully document all reimbursable amounts received and executed for each reimbursable order. The monthly funds status report provided to the CO will include identification of reimbursable funds authorized and executed.
b. **Memorandum Record Keeping.** All memorandum record keeping and reconciliation procedures and requirements identified in paragraph 5 of this chapter apply to reimbursable funds.

c. **Recording Reimbursable Obligations.** The Economy Act, codified at 31 U.S.C. §1535 provides authority that allows DoD Components to order goods and services from other federal and DoD components. The requesting DoD activity must obligate funds when the performing activity accepts the order in writing. The work to be performed shall be expected to begin within a reasonable time after its acceptance by the servicing DoD component. Commands will acquire reimbursable funding documents from customer commands before incurring costs. In accordance with reference (h), all billing must be readily available upon request and supported by documentation to substantiate the amount. It can be in the form of a purchase order contract invoice and receiving report.

3-8. **Flight Program Execution**

a. **General Policies for the Use of Flight Funds.** SAG 1A flight funds are to be used in support of the Naval Air Reserve and Fourth Marine Aircraft Wing (MAW) flight hour programs. Figure III-3-2 of this chapter provides guidelines for valid uses of flight funds. Before the beginning of each FY and quarterly thereafter, flight and non-flight quarterly and annual planning figures will be provided. Annual Planning Figures will also be provided before the beginning of each FY to be used as a guide to portion funds between Fuel, Organization Maintenance Activity (OMA), Intermediate Maintenance Activity (IMA), and AVDLR. Movement of funds within these categories for each unit is encouraged to ensure maximum use of each flight dollar.

b. **Program Modification Procedures.** To standardize the procedure throughout the Force for funding modification, adhere to the following policy: Requests for additional funding for flight and non-flight will originate with field units. Units have two options for acquiring additional funding:

   (1) Option 1: Request additional funding from the OB holder (site comptroller). If funds are available, OB holders have the authority to increase unit allocations. OB holders do not have the authority to adjust unit budgets. Units allocated funds greater than quarterly budgets are essentially borrowing from out quarters.

   (2) Option 2: Request a budget adjustment from COMNAVAIRFORES Flight Budget (N81) via the respective wing and Program Manager.

c. **Flight Program Reporting Procedures.** Air activity OB holders will report flight and non-flight obligation information to COMNAVAIRFORES (N43) electronically by the 7th day following the reporting month. Reporting format will be provided by COMNAVAIRFORES (N43).
Flight operational material allowance list

<table>
<thead>
<tr>
<th>Category</th>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>Recording tape</td>
</tr>
<tr>
<td>Oil and lubricants</td>
<td>Graph and chart paper</td>
</tr>
<tr>
<td>Other flight operations</td>
<td>Briefcases for charts</td>
</tr>
<tr>
<td>Flight Clothing</td>
<td>Flight packet charges</td>
</tr>
<tr>
<td>Survival equipment</td>
<td>Squadron administrative</td>
</tr>
<tr>
<td>Consumable airborne</td>
<td>Consumable supplies</td>
</tr>
<tr>
<td>Photographic supplies</td>
<td>Aircraft Launch and recovery</td>
</tr>
<tr>
<td>Nitrogen</td>
<td>Safety shoes</td>
</tr>
<tr>
<td>LOX and aviators</td>
<td>Protective helmets</td>
</tr>
<tr>
<td>Breathing oxygen</td>
<td>Other safety items</td>
</tr>
</tbody>
</table>

Figure III-3-2

d. NAVOPSPTCENs Fort Worth, New Orleans, Fort Dix, and NAF Washington AVDLR OPTAR Log and Reconciliation Requirements. The two-tiered pricing structure unique to AVDLR OPTAR management requires that these activity supply department AVDLR OPTAR logs provide additional data elements to those normally used in OPTAR management. The minimum data elements required for including into the AVDLR OPTAR log are listed below. Reconciliation reports from the OPTAR record keeper will be required to identify all adjustments made because of carcass value billings and action taken to resolve these charges.

(1) Document Julian date and serial number: Use the computer-generated serial number for W-purpose replenishment and the squadron requisition number for direct turnover requirements.

(2) National Item Identification Number (NIIN).

(3) Part description.

(4) Priority.

(5) Job order number.

(6) Advice code.

(7) Beyond Capability of Maintenance (BCM) date: Date carcass is BCM’d or enter “RFI” (Ready for Issue) if part is repaired.

(8) Date received or dates canceled: The AVDLR OPTAR record keeper must receive copies of all 7R cognizance receipt documents.
(9) Authority increase/decrease: OPTAR authorization changes.

(10) Net Price (cost requisitions only): Current price from Federal Logistics (FEDLOG)/Naval Aviation Logistics Command Management Information System (NALCOMIS).

(11) Standard price (cost requisitions only): Current price from FEDLOG/NALCOMIS

(12) Obligation amount: Estimated cost chargeable (net or standard price).

(13) Differences/adjustments: Price changes from receipt documents or expenditures, recoupments from confirmed cancellations, carcass value charges or credits.

(14) Unobligated balance.

(15) Dates: Date of obligation or expenditure posting from official accounting reports and date of adjustment entered into the FASTDATA.

(16) Remarks: Include original squadron requisition number for “W” purpose replenishments; identify reason for carcass value charges and action taken to resolve these charges; identify all standard price orders resulting from loss from inventory replenishments.

e. RCC Regions Mid Atlantic, Northwest, Southeast, and Southwest AVDLR Funds Management Requirements. For these locations where Navy Reserve squadrons are located on active duty Naval Air Stations, Comptrollers will request detailed documentation from host commands supporting monthly AVDLR charges against NAVCOMPT 2275 funding documents. This detailed documentation must permit detailed reconciliation of host AVDLR charges against Navy Reserve squadron requisition records. Aggressive action will be taken to ensure proper credits are received for carcasses.

f. Transportation of Things (TOT)

(1) Transportation of material and property is funded by the use of Transportation Account Codes (TAC). The types of shipments that incur charges on these TACs are:

   (a) Mission Support TAC: To be used when shipping items in support of operations, i.e., squadron Inter IMA, SE, and Detachment Support, ADP, DRMO, and Admin. Not to include Supply Officer Assets.

   (b) Repair and Return (Inter IMA Material).

(2) Support Equipment (SE): All SE movements will use the Mission Support TAC assigned to the transferring command unless a specific TAC is listed directing the transfer.
(3) TAC codes used for shipping of engines - NAVAIR cost.
SECTION III - OPERATION & MAINTENANCE NAVY RESERVE (O&M, NR)

CHAPTER 4 - BUDGETING FOR COMNAVRESFOR ACTIVITIES OUTSIDE OF THE OB HOLDER’S CHAIN OF COMMAND

4-1. General. Many comptroller offices within COMNAVRESFOR provide financial management services not only to their own command, but also to other COMNAVRESFOR activities that are not in the OB holder’s chain of command. COMNAVRESFOR designates which activities are to be provided financial management services by each OB holder and provides O&M, NR funding within each command’s operating budget to support this direction. The 31 U.S.C. §1517 responsibilities are assigned to the CO to whom the operating budget is issued. In exercising the responsibilities associated with 31 U.S.C. §1517, COs shall direct and exercise full control of funds for all COMNAVRESFOR activities serviced within the assigned operating budget. All COMNAVRESFOR activities serviced by the OB holder are directed by COMNAVRESFOR to comply with the financial management procedures and requirements of the OB holder and this manual. All budget requirements of COMNAVRESFOR activities will be coordinated with the servicing OB holder comptroller department for inclusion within the scheduled budget submissions to COMNAVRESFOR.

   a. Squadrons. The RCCs perform OB financial management services for Reserve Force Squadrons and Marine Air Groups under their funding authority.

   b. Air Wing Commanders. OB financial management services for Air Wing Commanders are performed by RCC SE-Jacksonville.

   c. Commander, Information Dominance Corps Reserve Command (CIDCRC). Navy Region Southeast Reserve Component Command, Jacksonville performs OB financial management services for CIDCRC.

   d. Federal Aviation Administration Navy Representatives (NAVREP). FAA NAVREPs submit BY+1 estimates to CNO with information copies to the appropriate OB holder. Because these estimates are submitted 2 years prior to execution, FAA NAVREPs will be provided the opportunity within the OB holder’s internal budget cycle procedures for the CY MYR and the BY annual budget call to review and update these estimates to reflect changes in requirements. Servicing comptrollers should request FAA NAVREPs to notify CNO of CY and BY revisions to previously submitted funding requirements. OB financial management services for FAA NAVREPs are performed as follows:

      (1) Southern Region RCC Southeast.

      (2) Southwest Region RCC Southwest.
e. COMNAVRESFOR. The COMNAVRESFOR staff operating budget provides OB financial management services for COMNAVRESFOR, COMNAVRESFORCOM, and COMNAVAIRFORRES.

4-2. COMNAVRESFOR, COMNAVRESFORCOM, COMNAVAIRFORRES Staff Travel. Echelon 4 commands will not fund the travel of any COMNAVRESFOR, COMNAVRESFORCOM, or COMNAVAIRFORRES military or civilian member.

4-3. Use of Reimbursable Work Orders Between COMNAVRESFOR Commands. Prohibited when the issuer and performer are under the same appropriation and subhead. COMNAVRESFOR will adjust OB funding levels between concurring COMNAVRESFOR OB holders for continuing support requirements or for significant one-time requirements. All NAVCOMPT 2275s shall be signed by the OB holder.

4-4. Contract Berthing Budget Responsibilities. In the absence of adequate bachelor quarters, commercial berthing of Navy Reservists drilling at the permanent drill site will be provided to Navy Reserve officer and enlisted personnel using O&M, NR SAG 6C funds. Contract berthing does not apply to Navy Reservists on AT or ADT. Budgeting and funding of permanent drill site contract berthing is the responsibility of the ordering command.

4-5. Authorized/Unauthorized Uses of Appropriated Funds. Each year Congress identifies the uses for which appropriated funds can be expended; when an appropriation specifically identifies what the funds are to be used for, the purpose statute restricts the use of those funds to the specified purpose. Financial personnel must ensure the appropriate funding is available before entering into an arrangement that cannot be funded with the 1806 or 1405. Moreover, it is important to ensure that appropriated funding is never used for the following: ceremonial cakes, small appliances (coffee pots and water coolers), seasonal decorations and services, plaques, greeting cards, and refreshments in the workplace.

4-6. Obligation Periods and Chargeable FYs. Expired funds retain their FY identity for 5 years after the time an appropriation expires. They are not available for new obligations but are available for recording, adjusting and liquidating obligations properly to that account. The subject of obligation periods and chargeable FYs for service contracts is a constant issue. Modifications of contracts after funds have expired for obligation purposes and default of contractor are two problem areas experienced by COMNAVRESFOR commands. Obligation adjustments, such as incentive or award fees and price inflation, may be charged to the expired accounts as long as sufficient supporting documentation exists. If there is any question regarding the appropriateness of the adjustment, seek legal counsel via the COMNAVRESFOR HQ Comptroller Department. All upward obligations adjustments that exceed $2,500 must be submitted to COMNAVRESFOR (N83) for approval.

4-7. Flight Packet Obligation Documents. One of the greatest problems in management of flight funds and the ability to sustain prior FY obligation levels is the receipt of invoices and recording of expenditures for Standard Form 44 purchases for extended squadron flights. As a prerequisite
of preventing invoice and expenditure receipt problems, all air activity comptrollers must ensure that the information being pre-typed on the SF 44s included in all flight packets is correct.

4-8. **Contract Support Services (CSS)**

a. CSS are defined as “services acquired from nongovernmental sources to support the development, acquisition, and operation of specific weapon systems and to support or improve other functions of a generic nature, such as, agency policy development, decision making, or management and operation of organizations.” CSS excludes “commercial activities except special studies and analyses; security assistance; architecture and engineering systems analysis, design, development, engineering, programming and studies.”

b. CSS is a matter of Congressional interest and statutory limitation on the obligation or expenditure of appropriated funds. COMNAVRESFOR does not authorize the use of O&M, NR funds by its operating budget holders for CSS acquisitions without specific formal approval of COMNAVRESFOR (N8).

4-9. **Reducing and Controlling Wasteful Year-End Spending.** Reducing and controlling wasteful year-end spending is a SECNAV/CNO special interest item. FMB correspondence addressing this subject, including a checklist for preventing wasteful year-end spending, is included in appendix B of this manual for further reference.

a. Commands shall comply with the 80 percent obligation rate requirement by 31 July each FY.

b. Commands shall comply with the requirement that obligations for the fourth quarter of the FY are no higher than the average for the first three quarters.
SECTION IV - FINANCIAL IMPROVEMENT AND AUDIT READINESS

CHAPTER 1 – FINANCIAL IMPROVEMENT AND AUDIT READINESS (FIAR) GUIDANCE

1-1. FIAR Background

a. Congress has mandated that the DoD achieve auditability on all its financial statements by the end of FY 2017. On 4 December 2014, the Navy took its first step toward “full” financial auditability with the contract award to commence its first financial statement audit on the Schedule of Budgetary Activity (SBA).

b. Audit ready means DoD has strengthened internal controls and improved financial practices, processes, and systems so there is reasonable confidence the information can withstand an audit by an independent auditor.

c. The DoD FIAR Guidance defines the DoD goals, priorities, strategy, and methodology to becoming audit ready. It also details the roles and responsibilities of reporting entities (COMNAVRESFOR, Fleet Forces Command, etc.) and service providers (DFAS, Defense Logistics Agency (DLA), etc.), as well as the processes they should follow to achieve audit readiness. This guidance provides instructions for implementing a consistent, command-wide plan for achieving the financial improvement and audit readiness objectives as mandated by law.

d. Guidance that was developed and distributed as a baseline for Audit Readiness was the Commander’s Audit Readiness Checklist. The purpose is to help Commanders and Directors evaluate and report the organization’s financial management effectiveness and audit readiness. Just as a command uses checklists to assess engineering, logistics, medical, and operational readiness before the next deployment, the Commander’s Checklist assesses an organization’s financial readiness for upcoming financial audits. Commanders and Directors should use the checklist to ask questions of leaders within their organization to ensure they have the records needed to make sound resource decisions and the department has the records needed to succeed in financial statement audits. This Commander’s Audit Readiness Checklist was distributed to the heads of the Defense Agencies. An overview, instructions for use, and checklists for major use of funds and existence and completeness are available for downloading. Each of the Military Services also distributed a checklist. More information on the services’ audit readiness efforts may be found at http://comptroller.defense.gov/fiar/index.html.

1-2. Your Role in Audit Readiness

a. Beginning in 2015, the DoD will undergo an independent audit of its financial statements. While you may not have direct contact with the audit team, you will still be key to achieve audit success by always using prescribed procedures when spending Reserve Force dollars, and by keeping good records. The audit impacts all Sailors and civilians from the deck plates up to Pentagon leadership. Shifting from a state of audit readiness to conducting an audit
and reaching full financial statements audit readiness requires a focus on planning and executing change management. COMNAVRESFOR will need to be fully auditable with an effective control environment that can produce supporting documentation in a timely manner. Auditability is not a one-time exercise. It should be part of your daily operations. Audits are a valuable learning experience, providing a comprehensive review of the business processes, documentation, and internal controls across Navy.

1-3. Priorities

a. Based on the mission and materiality of business operations of COMNAVRESFOR the following segments have been deemed high priority. Sample questions are provided to help you determine key audit focus areas.

(1) Military Pay

(a) NROWS ORDERS

1. Is there evidence that the 30, 60, 90-day report is worked and all unliquidated orders are cancelled after confirming with the member that the order was unexecuted?

2. Is DTS travel cancelled for all cancelled orders with DTS travel?

3. Is there evidence that all orders with travel are being reviewed to ensure that the reporting and detaching endorsements match the duty dates of the order less travel time?

4. Review of orders with travel will be accomplished in DTS via the travel claim approval screen or on the reviewed by block on the manual travel claim prior to submission to the PSD. For orders without travel, is the non-travel report being run monthly and used to track outstanding orders?

5. Is there evidence that the non-travel orders are being turned in and the duty dates reviewed against the gaining command endorsements to ensure that the duty was completed?

6. For all orders where the duty dates do not match the reporting/detaching endorsements, is there evidence that an order modification was initialed and sent to the PSD to adjust the member’s pay?

7. Is there evidence that the cancelled order with expenditure report is being run and researched?

(b) IDT

1. Has the unit CO or designated representative signed and dated the IDT muster
form NAVRES 1570/21 or 1570/22?

2. If a member other than the unit CO has signed the NAVRES 1570/21 or 1570/22, is there a letter on file indicating that the member is authorized by the unit CO to sign in his/her place?

3. Has the NSIPS supervisor signed and dated the NSIPS IDT Verification Report?

4. Is there supporting documentation to justify Funeral Honors drill payments?

5. Is the documentation consistent (same type for all payments)?

(2) Civilian Pay

(a) Are all timesheets received and processed timely and accurately?

(b) Are records being kept for review?

(c) Is the time and attendance policy being adhered to by personnel?

(3) Contract Vendor Pay

(a) Can we provide documents that verify we received the item ordered?

(b) Do disbursements match obligations?

(c) Is there a Purchase Order/Military Interdepartmental Purchase Request (MIPR) for verification?

(4) MILSTRIP

(a) Are requisitions approved by a supervisor?

(b) Circle, sign, and date?

(c) When requisitioned items are received, is the receipt documentation retained?

(5) Reimbursable Work Orders: Grantor & Performer

(a) Is billing done promptly upon providing goods and services?

(b) Have you verified the goods received matches the invoice?
(c) Has all documentation been properly approved with required supporting information?

(6) Transportation of People

(a) Are travel cards being used only for government use?

(b) Are travel orders authorized and approved?

(c) Are you updating DTS when travel is cancelled to de-obligate funds?
# APPENDIX A
## LIST OF ABBREVIATIONS

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<td>Active Duty Special Work</td>
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<td>Assault Craft Unit</td>
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<td>Activity Group</td>
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<td>Aviation Intermediate Maintenance Department</td>
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<td>Annual Planning Figure</td>
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<td>ASW</td>
<td>Anti-Submarine Warfare</td>
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<td>AT</td>
<td>Annual Training</td>
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<td>Additional Training Period</td>
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<td>Aviation Depot Level Repairable</td>
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<td>BCM</td>
<td>Beyond Capability of Maintenance</td>
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<td>Budget Builder</td>
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<td>BUMED</td>
<td>Bureau of Medicine and Surgery</td>
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<td>CHNAVPERS</td>
<td>Chief, Bureau of Naval Personnel</td>
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<td>CHU</td>
<td>Cargo Handling Unit</td>
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<td>Civilian Personnel</td>
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<td>CMC</td>
<td>Commandant of the Marine Corps</td>
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<td>CNO</td>
<td>Chief of Naval Operations</td>
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<td>CO</td>
<td>Command Officer</td>
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<td>COMNAVAIRFOR</td>
<td>Commander, Naval Air Force Reserve</td>
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<td>Consolidated Shipboard Allowance List</td>
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<td>Collection Officer’s Voucher</td>
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<td>Civilian Personnel Resource Reporting System</td>
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<td>Contract Support service</td>
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<td>Calendar Year</td>
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<td>Defense Finance and Accounting Services</td>
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<td>Depot Level Repairable</td>
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<td>DON</td>
<td>Department of Navy</td>
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<td>Executive Committee</td>
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<td>Fund Administrator</td>
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<td>Financial Improvement and Audit Readiness</td>
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<td>Fleet Repair Center</td>
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<td>Fund Status Report</td>
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<td>Full-time Equivalent</td>
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<td>Inshore Boat Unit</td>
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<td>Investment Category</td>
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<td>Individual Material Readiness List</td>
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<td>MYR</td>
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<tr>
<td>NAF</td>
<td>Naval Air Facility</td>
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<td>Naval Aviation Logistics Command Management Information System</td>
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<td>NGEN</td>
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<td>O&amp;M, NR</td>
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<td>OB</td>
<td>Operating Budget</td>
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<td>OC</td>
<td>Object Class</td>
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<td>Organization Maintenance Activity</td>
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<td>OMB</td>
<td>Office of Management and Budget</td>
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<td>OPLOC</td>
<td>Operating Location</td>
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<td>OPTAR</td>
<td>Operating Target</td>
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<td>OSD</td>
<td>Office of the Secretary of Defense</td>
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<td>OSO</td>
<td>Operational Support Officers</td>
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<td>OSPLAN</td>
<td>Operations Support Plan</td>
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<td>PCS</td>
<td>Permanent Change of Station</td>
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<td>PDM</td>
<td>Program Decision Memorandum</td>
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<td>PDS</td>
<td>Permanent Drill Site</td>
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<td>PERSUPPDET</td>
<td>Personnel Support Detachment</td>
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<td>PPBE</td>
<td>Planning, Programming, Budget and Execution</td>
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<td>Program</td>
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<td>Public Works Center</td>
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PY
Prior Year
QIV
Quality Improvement Visit
RDT&N
Research, Development, Test and Evaluation, Navy
RES
Reserve
RFI
Ready for Issue
RIMS
Reserve Information Management System
RIMS-FM
Reserve Information Management System, Financial Management
RITS
Reserve Integrated Travel System
RMP
Reserve Management Period
RMS
Resource Management System
RPM
Real Property Maintenance
RPN
Reserve Personnel, Navy
SAG
Sub-Activity Group
SBA
Schedule of Budgetary Activity
SCN
Shipbuilding and Conversion, Navy
SDN
Standard Document Number
SECDEF
Secretary of Defense
SECNAV
Secretary of the Navy
SI
Special Interest
SLDCADA
Standard Labor Data Collection and Distribution Application
SOFR
Status of Funds Report
STAR
Subtotal and Report
STARS
Standard Accounting and Reporting System
STARS-FL
Standard Accounting and Reporting System, Field Level
STARS-FM
Standard Accounting and Reporting System, Fleet Module
TA
Training Allowance
TAC
Transportation Account Codes
TAD
Temporary Additional Duty
TACAIR
Tactical Air
TAPF
Tentative Annual Planning Figure
TOA
Total Obligation Authority
TON
Travel Order Number
TOT
Transportation of Things
UIC
Unit Identification Code
WPN
Weapons Procurement, Navy
## APPENDIX B
LIST OF REFERENCES AND RESOURCES

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<td>SECNAV M5200.35</td>
<td>Department of Navy Managers' Internal Control (MIC) Program</td>
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<tr>
<td>SECNAVINST 5430.92B</td>
<td>Assignment of Responsibilities to Counteract Fraud, Waste, and Related Improprieties within the Department of the Navy</td>
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<tr>
<td>SECNAVINST 7042.7K</td>
<td>Guidelines for the Use of Official Representation Funds (ORF)</td>
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<tr>
<td>U.S.C. Title 10</td>
<td>10 U.S.C. Subtitle E, Chapter 1006, Sec 10172</td>
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