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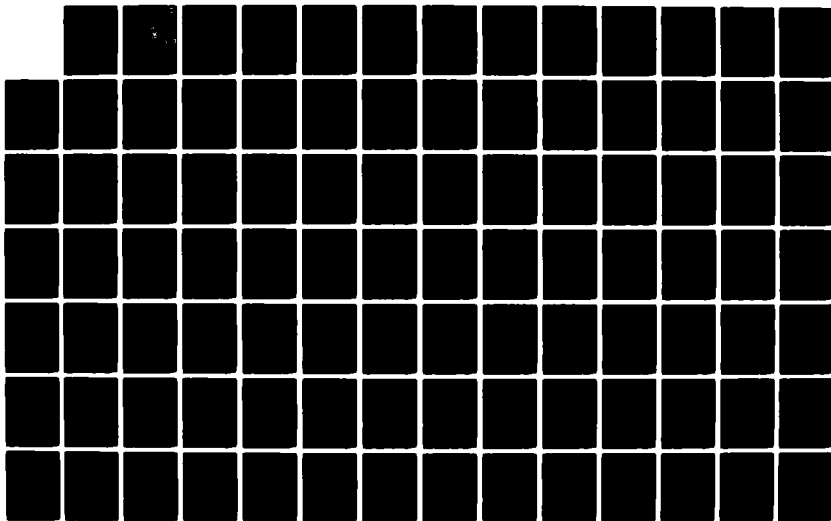
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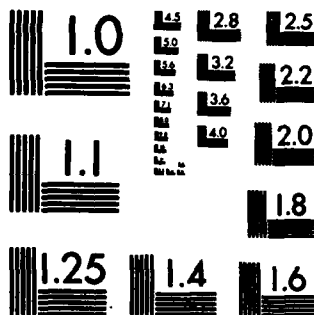
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THESIS

MEMORANDUM RECORDS IN RESOURCE
MANAGEMENT ACCOUNTING

by

Howard M. Northrup

September 1983

Thesis Advisor:

K. Euske

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Memorandum Records in Resource
Management Accounting

by

Howard M. Northrup
Lieutenant, United States Navy
B.S., University of New Mexico, 1974

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

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ABSTRACT

This thesis is the result of a study of the formal financial accounting systems at six Naval stations. The study was also used to identify the use of the formal and informal financial systems maintained by financial managers at the Naval Stations and the purpose for those systems.

The thesis provides an overview of the Navy's formal system of accounting, which is the Resource Management System. The Uniform Management Reports and Resource Management System reports are also overviewed. The study provides insight into how the stations use the Resource Management System and the Uniform Management Reports and compares this to financial information reported up the chain of command. Memorandum records are analyzed in light of the formal accounting system's ability to meet the users' needs for information. Why the current formal system of accounting does not meet the needs of the users is discussed. It is concluded that there is a general lack of knowledge of the content and purpose of official reports.

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I. INTRODUCTION

In the Navy, comptroller services have an impact on an organization only when implemented by command authority. While the comptroller reports on command operating results, as interpreted from data compiled under his direction, he makes recommendations to the management, rather than making management's decisions. Accordingly, management should look to the comptroller for continuing analysis and advice on managerial financial problems. [7,B18]

This thesis looks at the financial information systems the comptroller actually works with to see how the comptroller accomplishes these services.

A. PROBLEM STATEMENT

This thesis investigates the source of the comptroller department's information and looks into its use on a daily basis. The information used by the comptroller on a daily basis is compared to that which is available from the Navy's computer generated accounting system. The comparison provides an indication of the completeness and relevance of the Navy's computerized accounting system in generating information for day-to-day management at the activity level and indicate how the system can help the activity level comptroller department.

If the formal system does not provide the information, the comptroller must obtain it from some informal method. Informal accounting can run the spectrum from ledger style accounting to manually reworking the computer generated

report. Given that the comptroller has to account for the resources provided the question is asked, "What system is employed to keep himself and his commanding officer informed?"

B. THESIS ORGANIZATION

This thesis is organized into four chapters. Chapter I discusses the research method and the interview format. Chapter II provides an explanation of the Resource Management System (RMS) employed by Navy ashore activities and its associated reports. Chapter III displays the results of a field study, consisting of personnel interviews conducted at various Naval facilities. Chapter IV provides an analysis of findings of the interviews, shows how each system is used and draws conclusions concerning the performance of the formal system.

C. INTERVIEWS

An analysis of interviews conducted at six naval activities provide the major part of the research material. Excerpts from those interviews are provided in Chapter III. The six activities were selected to identify possible differences in the use of the Navy's computer generated accounting system controlling for major claimant and location.

Though the management control systems for all the organizations within the Navy ultimately converge at the Office of the Chief of Naval Operations, differences do exist in the control systems at other levels in the organization.

At the major claimant level a study conducted by McCray (1979) has shown that the degree to which the Uniform Management Reports (UMR) are used as part of the control system varies across the dozen major claimants studied. As another example, the Trial Balance Report (NAVCOMPT 2199), though a standard report, is apparently used differently between and within major claimants [].

The geographical location could affect the use of the accounting systems used because of the services provided by the Authorization Accounting Activity (AAA) or the reporting requirements of the next senior officer in the chain of command. The distance from the AAA could have an effect upon the quality and timeliness of the reports obtained by the using activity.

Interview protocols were prepared to serve as a guide to the interviewers. The interviews were designed to ask specific as well as general questions which enabled the interviewer to obtain some insight into the type of accounting system employed at the facility.

Each of the interviewees was assured that the information provided to the interviewer would be used only to make improvements to the system and that all information would be kept in strict confidence. The anonymity of the individuals and stations was required in order to obtain a true reflection of the systems and/or procedures being used at each level within the activity.

The personnel interviewed were selected based on the billet held at the station and their involvement in the financial management process. The selection process helped ensure that a comprehensive view of the accounting system used at the facility was maintained. The commanding officer was selected because he oversees and is ultimately responsible for all financial matters at his facility. His participation and support of the financial process has an effect upon the operations and morale of the station's financial managers. The comptroller was selected as a major element in the commanding officer's financial plan. His outlook and perspectives are of primary importance to the actual running of the station. His influence on the allocation of money may have a significant effect upon the facility's operations. The members of the comptroller's staff, assistant comptroller, budget officer, and accounting officer were selected because they are involved in the accounting system. These are the people who provide the expertise and develop many of the financial controls and reports used to track the funds. The supply department head and one of his divisions were also included in the survey. Their input provided an explanation of how the lower level financial managers used and were aided by the system. The inputs of the lower level managers combined with the inputs of the comptroller and his staff provided the basis for the description of the type of accounting system employed at the six stations. This descriptive information is provided in Chapter III.

II. RMS AND ITS REPORTS

This chapter presents a summary of the Resource Management System (RMS) and its impact on the budgeting and accounting system. The chapter provides a description of the Resource Management System (RMS) which includes the areas of the funds flow through the system, the budgeting and accounting within RMS, and the relationships between the Authorization Accounting Activity (AAA), claimants and the stations. The last area includes the RMS reports which include: the NAVCOMPT Form 2199 Trial Balance Report, the NAVCOMPT Form 2171 Expense Element Report, the Authorization Report 2168-1, the NAVCOMPT 2168 Expense Operating Report and the NAVCOMPT Form 2169 Performance Statement. As these reports represent the formal RMS accounting system as it is currently used at some Navy stations.

Much of the material in this chapter is edited from a Master's Thesis written by Lieutenant Commander Douglas E. Brandt MSC, USN. His material establishes a base for the explanation of the Resource Management System (RMS) and an overview of its reports. A more detailed explanation of the formal reports can be found in Appendix A.

A. RMS

The Resource Management System (RMS) is the formalized system by which the Navy tracks and accounts for financial

resources, provided to and employed by Navy ashore commands within the operations and maintenance (O&M) appropriations. Prior to RMS implementation in 1967, funding for local commands was provided in numerous allotments for specific areas or items. This type of funding placed very specific limits on the resources made available to the commanding officers (CO) and somewhat restricted the CO's ability to carry out the mission as he saw it. The implementation of consolidated funding under RMS allowed commanding officers to remove the financial boundaries and allowed more financial freedom in the conduct of commands to carry out their missions. RMS is employed to budget, account, manage and report the employment financial resources for ashore U.S. Navy stations worldwide. RMS employs numerous unique terms which describe elements of the system. Appendix B provides a listing and definition of these terms. The reader's attention is therefore directed to Appendix B if familiarization is desired.

B. FUNDS TO A NAVAL STATION

After appropriations are obtained from Congress, authority to spend these resources is passed via the administration through the office of Management and Budget (OMB), the Secretary of Defense (SECDEF), the Secretary of the Navy (SECNAV)/Comptroller of the Navy (NAVCOMP) to the Chief of Naval Operations (CNO). The CNO passes authority to spend these resources to various Major Claimants (called claimants) to execute the Navy's programs. These claimants in turn

distribute the authority to spend appropriations to Navy commands to finance their operations in support of the Navy's mission. Normally the funds to support expenses of operations and maintenance (O&MN) appropriations. Ashore Naval commands employing O&MN resources are required to budget, account, manage and report these resources under RMS. Such commands are called responsibility centers within the vernacular of RMS. The responsibility centers issue operating targets (OPTARS) to cost centers (departments or other similar entities of the responsibility center) for their operations. As might be expected various levels in this chain of command may withhold portions of the O&MN appropriations to finance contingencies which become evident during the execution year. Activities are held legally liable not to overspend the resources provided to them (when so charged) under the Revised Statutes (R.S.) 3679. Further, resources may only be utilized for the purposes appropriated. Usage outside these boundaries constitutes a violation of R.S. 3678.

C. BUDGETING UNDER RMS

The budgeting side of the funding process works in the opposite direction of the above funds flow. In the budgeting process cost centers develop their requirements based upon expected workload and costs for a fiscal year. The responsibility center comptroller utilizes these requirements, other estimates and guidance from the commanding officer to compile the responsibility center's budget submission to the claimant.

Generally, the activity budget will be constrained in this process by assigned target figures (called control numbers) from the claimant. The claimant in turn uses the activities budget submissions and other estimates as his basis for submission to the CNO. The claimants must bargain for and justify their requirements to the CNO for their share of the Navy budget. Many of the participants from the claimant or up will be called upon to defend their part of the budget submission to SECDEF/OMB and in Congressional hearings.

D. ACCOUNTING WITHIN RMS

Accounting for resources within RMS is divided into three areas: obligational, accrual and cost accounting. A brief description of the areas is provided below to give the reader a perspective on the dimensions of the RMS accounting system and an appreciation for the areas which may be covered by informal (memorandum) record keeping by stations discussed in Chapter III.

1. Obligational Accounting

Obligational accounting as employed by RMS is not unique to RMS and in that sense similar to what the reader might already be familiar with as Government Authorization accounting. Within this area, authority to spend resources is monitored as it is used up by the command or responsibility center. Obligational accounting keeps track of the cumulative total of resources for which authority to spend has been passed for a particular fiscal year. Within this scope,

obligational accounting tracks each financial transaction involving resources and categories of spending. These transactions or obligations (legal liability of the government) are eventually tracked as expenditures (amounts disbursed to liquidated obligations). Thus this area has been devised to be able to account for:

- Authorizations received this fiscal year;
- Cumulative obligations of resources this fiscal year;
- Cumulative expenditures of this year's obligation.

As a result, the management of a responsibility center expects to be able to use the obligational accounting system to obtain information as to the unobligational balance of authorization received at any point during the fiscal year. In a simple sense obligational accounting resembles the check-book approach to accounting which many individuals employ. Under such an analogy, authority to spend resources is similar to deposits made in the checking account. Obligations of resources is similar to the checks written for goods and services. (Within the obligational accounting area, once the government signs a contract or lodges a request in the supply system, it considers the resources as having been spent, not in a payment sense, but rather in the sense that the balance--unobligated balance of authority received in a particular fiscal year--remaining to be obligated for other requirements of a command or responsibility center has been reduced.) Expenditures are similar to actual bank payment of a check.

As the reader might expect, Navy activities experience similar problems as individuals in the maintenance of this checkbook. Hence checks are written (obligations) which may not have been entered (or recorded as obligations). In some instances, the obligations entered in the checkbook are for erroneous amounts or written in twice. Further, some checks have not yet been paid by the bank (expenditures within RMS) while others are paid at variance with the original checkbook entry.

Within the RMS system, responsibility centers generate financial transactions and separate activities, called Authorization Accounting Activities (AAA) perform the obligational accounting for them. The subject of the AAA's and attendant problems in communications between AAA's and their respective responsibility centers will be discussed later in this chapter.

2. Accrual Accounting

Accrual accounting within RMS is a separate function from obligational accounting in that it seeks to track the expenses associated with running a responsibility center. Expenses are variant from obligations under RMS generally for two reasons: First, some expenses or costs of operating a responsibility center are not charged to the O&MN appropriation (the source of resources authorized and tracked under obligational accounting in RMS). The largest such area are the expenses for pay and allowances for military personnel

which are financed by the Military Personnel Appropriation (MP) of each service. While MP costs are not included in RMS obligational accounting system, they are considered as expenses associated with the operation of a responsibility center under RMS. Thus on a grand scale, expenses for an RMS activity will normally exceed obligations for the O&M appropriations.

The second major variation from obligational accounting, present in accrual or expense accounting is that of the timing of an expense. Under obligational accounting, costs (or obligations) are incurred as contracts or requisitions for supplies are let for goods or services. Within the accrual accounting section of RMS, expenses are incurred when these goods or services are consumed. (Within RMS, consumption is assumed to take place when goods or services are received.) Thus goods or services obligated for in one fiscal year may well be received or expensed the next fiscal year. As the reader might imagine this same sort of "sliding" time relationship between obligations and expenses would also occur on a yearly, monthly or even daily basis within RMS.

The bridge between obligational and accrual accounting is accomplished in RMS by an account called "undelivered orders." As transactions are obligated for in obligational accounting area, the undelivered orders account (within the accrual accounting area) is incremented in like amount. As

goods or services are received by an RMS activity (and consumed) the undelivered orders account is decremented and an expense is incurred under accrual accounting. Additionally, as noted above, expenses may also be incurred for the costs which are not financed by the O&N obligational accounting area under RMS, such as military salaries. These non O&N financed costs are not included in the undelivered orders account, hence the undelivered orders account contains only transactions which have been obligated for by the O&N appropriation. Since the timing of bill payment or expenditures reduce outstanding obligations and receipt (or consumption) of goods or services decrement the undelivered orders account, these two accounts contain different values of total transactions at any point in time. The obligational area tends to describe progress in spending appropriations while the accrual accounting area tends to describe the costs of operating a responsibility center during a fiscal year.

3. Cost Accounting

The third accounting area, that of cost accounting within RMS provides information as to who (what entity) has spent resources and for what purpose. It accomplishes cost accounting within these two perspectives (who/what for) and within both dimensions (obligational and accrual accounting discussed above). Thus the cost accounting system amplifies obligational accounting by providing information as to how funds have been obligated by each cost center within a

responsibility center and described by purpose category, why resources were spent. These later purpose descriptions provide feedback which limits to the budgeted purpose of the resources, the functions employing the resources, the volume of work accomplished by an area and what was bought with the money. Details of these purpose areas are provided by coding transactions as to their activity/subactivity group (AG/SAG), function/subfunction category (F/SFC), cost account code (CAC), and element of expense (E/E). Thus the cost accounting area of RMS tracks the location of spending and purpose for both the obligational accounting and accrual accounting areas.

E. AAA RELATIONSHIPS

A central entity in the accounting system for RMS is the Authorization Accounting Activity (AAA). The function of the AAA is to provide accounting services to user commands, maintain the responsibility center's RMS financial data base and provide periodic reports to the commands and claimants involved. Under RMS a responsibility center transmits its accounting transactions to the activity which has been designated as its AAA. The AAA validates these transactions against pre-established review criteria and enters them in the accounting records. Any errors detected in the original transactions are returned to the RMS activity for correction. At the end of accounting period (monthly), or as otherwise scheduled, the AAA provides the RMS activity with financial management reports. Concurrently, the AAA submits the official

accounting reports of the responsibility center to the claimant as required. The transmission of any and all of the transactions between a responsibility center and its AAA can be carried out in a variety of ways, naval message, electronic data transmission and the mailing or hand delivery of prepared documents.

F. RMS REPORTS

For a period of about ten years after RMS was implemented there was no overall coordination of management reports used in RMS. This vacuum led to a proliferation of local and claimant specific reports. To alleviate this problem a system was designed to consolidate and standardize financial management reports which could normally be expected to be extracted from the RMS data base by the AAA. This system of reports is today called the Uniform Management Reports (UMR). UMR was implemented in fiscal year 1977 as a supplement to RMS to provide specific financial information for local commands and claimants. The system consolidates several previous reports, routinely compares actual performance to the budget, and eliminates much of the need for the manual preparation of reports from the available RMS data base. The UMR system together with the RMS data base can produce up to seven basic report formats which display financial type information about resources employed by local commands.

RMS reports provide information in a variety of ways. There are financial reports for appropriation allocation

records and also functional category and expense element reports. These reports can be used at various levels of management for differing reasons such as the tracking of obligation rates, workload and performance and the amount of unobligated expense authority left in an appropriation. Each of the reports is briefly discussed in the following paragraphs.

1. NAVCOMPT 2168

The NC (NAVCOMPT) 2168, the Operating Budget/Expense Report, is prepared in two levels of detail, both at the cost center and the responsibility center which represents a summary of the cost centers within the command. This report provides details on work units completed, manhours expended and accrued expenses accumulated to date by cost center and responsibility center. This is a position report which shows the results of operations and their expenses for the reporting period. The NAVCOMPT 2168 provides details as to work units accomplished, manhours and accrued expenses (year-to-date) by AG/SAG, F/SFC, and CAC. The NC 2168 format is also used to communicate budget requirements to a claimant by a responsibility center, hence its name, Operating Budget/Expense Report.

2. NAVCOMPT 2169

The NC 2169 (Performance Report) is a period report showing the results of that period's operations. The report is prepared monthly for each cost and responsibility center.

This report can be very useful at the cost center or total activity level. Its usefulness derives from the fact that it provides on one report a comparison of actual performance to the approved budget on a cumulative monthly basis. This report is forwarded to the major claimant and other offices as directed.

3. NAVCOMPT 2168-1

The NAVCOMPT form 2168-1, while not a report, is discussed at this point since it flows from the NC 2168 report when used as a budget rather than an execution report. It is used to deliver the new obligational authority for the individual activities. The expense operating (NC 2168-1) budget is sent by the fund administrators who place certain statutory limits around the funds, including those constraints imposed by law. This format vehicle establishes the limit of spending authority assigned to the facility. Exceeding this limit results in a violation of Section 3679, R.S.

4. NAVCOMPT 2171

The NC 2171 (AG/SAG, F/SFC, EE Report) is a period report prepared monthly. Data are presented in terms of gross adjusted obligations and expenses showing SAG, F/SFC, and EE within each appropriation. This report shows the flow from obligations to expenses for both the current period and fiscal year-to-date. The NC 2171 (AG/SAG, F/SFC, EE report) provides detailed input on expenses and obligations to the claimant for input to the Navy's overall management

system at the NAVCOMPT/Claimant level. The report presents accrued expenses and gross adjusted obligations for the current month and year-to-date. The report is prepared for each expense operating budget (EOB) and each program element within each EOB.

5. NAVCOMPT 2199

The NC 2199 (Trial Balance Report) presents the financial status of all funds available under the operating budget. This report which is provided to the activity and major claimant (by the AAA) presents the status of all funds (direct and reimbursable) by fiscal year received by the O&MN activity on the resource authorization and on reimbursable orders. This is a position report which shows the command's financial status at a given point in time. The net change in the financial data in the report is used by the AAA to post to the activity control ledgers. This report can be used to monitor such areas as undistributed disbursements and to track the three fiscal years (the current year plus the two previous) for obligation rate information. The Trial Balance (NAVCOMPT 2199) provides monthly status of all funds available under the EOB.

G. UMR REPORTS

The UMR system consists of seven different reports which may be prepared by the AAA to be used for management control by an activity. This system was designed with the capability to produce optional reports including the following:

- 1) combined data contained in the NAVCOMPT forms 2168 and 2169 into one report;
- 2) combine data contained in the NAVCOMPT forms 2168, 2169 and 2171 in one report;
- 3) display management information not available on the NC 2168 and 2169 (e.g., obligations, production rates, man-month/year conversions, planned workload, productive effectiveness, quarter and semi-annual summaries, leave data and prior year data at the cost account level);
- 4) display data by month on a single page for each cost account with quarterly, semi-annual and annual totals to provide information in a readily usable format which eliminates the need to refer to two or more reports and to transcribe data to worksheets to obtain required information;
- 5) eliminate the need to maintain manual records to record work units and expenses by cost account on a monthly basis since all months in the current year are visually displayed for each cost account in the report;
- 6) display data for certain formats (UMR Formats A and B), by month for the entire year on one page, consequently only the current monthly report needs to be saved, leading to long term savings in filing and storage space for reports;
- 7) provide the ability to retroactively correct the prior month's data in UMR Format A or B to reflect actual performance for that month.

The UMR system has two parts, a funds control status reporting system which is a 'bank statement' for obligation

control and a performance reporting system which provides functional expense information by cost account.

1. Funds Control Reports

The funds control status report is used to show the authorization, annual obligation plan, for labor and non-labor, at the lowest management level. This report displays commitments, obligations, expenditures, the unobligated balance and presents the "obligation as a percent of plan." This report can be produced in three formats. These formats are:

a) Detail Transaction Listing (Direct and Reimbursable): This report reflects all transaction inputs for an activity which have a bearing on funds control. This provides information needed to research individual transactions, identify errors or unrecorded charges and to reconcile records.

b) Responsibility Center: This report is by department, division or cost center. It is a summary total report providing cost center managers with detail on authorizations, gross obligations, annual obligation plan, and obligations as a percent of plan.

c) The Commanding Officer's Summary: This report provides the commanding officer with the status of funds at any given time including such information as total authorizations and gross obligations. The report consolidates the responsibility center report to one page. These funds control reports reflect a great deal of what is displayed in the NC

2171. They are more compact and present the information from not only the NAVCOMPT 2171 but also the NC 2168 in a single report.

At the department/division level the detail transaction listing report shows the local management codes (LMC) as applicable and indicates whether the funds are direct or reimbursable.

2. Performance Reports

The performance reports are in four formats lettered A, B, C, and D. The objectives of these reports were to consolidate the NC 2168 and 2169 into one report which gives a comparison of actual and planned management data in terms of expenses and gross adjusted obligations. A brief description of the four UMR formats follows.

a. UMR Format A

The UMR-A report gives information on production, military and civilian labor, gross adjusted obligations, staffing, undelivered orders, consignments, and prior year expense information. The UMR-A is produced for each cost center, department or division by cost account code (CAC) and summary cost account. A summary cost account is a higher level account into which individual CACs are totalled. The cost center, department and division reports are summarized at the SAG and F/SFC level. An overall summary page is also prepared for the activity covering both total and reimbursable funds. The benefit to the user command of this report

is in financial control of the OPTAR or OPTARS at higher levels in the organization. The report can be used in budget formulation with the historical data on costs, outputs, reimbursables and staffing. This report also measures performance (actual against planned) and productivity ratios for comparison between periods. The report provides the capability to monitor expense targets (e.g., Maintenance of Real Property, Travel, ADP), and monitors gross obligations to track against obligational authority. Using the report, trends in production, expenses, and backlogs are easily identified along with variances in the performance indicators based upon actual production.

b. UMR Format B

The UMR-B is very similar to UMR Format A, only reduced in scope for smaller activities. Format B has the same potential benefits to the user of Format A. It covers work units, labor and gross adjusted obligations, and also undelivered orders, consignments, and prior year expense information. It also covers each cost center at the CAC level; these are summarized at the AG/SAG and F/SFC level. It provides summaries of the above information and gives an overall summary for the activity.

c. UMR Format C

The UMR-C combines the NAVCOMPT Forms 2168, 2169 and 2171. It provides cumulative year-to-date expenses, undelivered orders, and gross adjusted obligations by CAC

and EE. It is a monthly report for cost centers and the responsibility center. It provides cumulative fiscal year-to-date figures for manhours, work units planned and completed, work unit cost and consignments at the cost account level. It provides actual and planned expenses, prior year resources used, undelivered orders, and fiscal year-to-date gross adjusted obligations at the CAC/EE level.

The cost and obligation data in this report can be useful for financial control with its presentation of expenses and obligations by CAC and EE. The historical data in the report also has uses in budget formulation. The report compares actual performance to plans, monitors expenses and obligations by targets, and tracks total obligations for those authorizations subject to Section 3679 R.S. Format C has three sections, cost center, responsibility center, and a recapitulation report for the responsibility center.

d. UMR Format D

The UMR-D is a consolidation of the NC 2168 and 2169 and presents the same data. It is a two-part report, the Operating Budget/Expense Report and the Performance Statement. This report presents financial and performance data on a cumulative basis with no additional input requirements on the receiving command, assuming the command was meeting the reporting requirements prior to implementation of the UMR. UMR-D is of use in the areas of financial management control, budget formulation, performance measurement,

and expense and obligation monitoring. Total expenses are reported by direct and reimbursable categories for each cost and responsibility center.

The above overview of RMS and OMR reports was provided to acquaint the reader with a brief description of the information available in the RMS system. A more detailed explanation can be found in Appendices A and B.

III. SUMMARY OF INTERVIEWS

A. INTRODUCTION

In this chapter the interviews are summarized. The thoughts and conclusions expressed are those of the interviewees and not the writer's. Any comment or statement presented represents a consensus of the interviewees. In those cases where there was conflicting comments or differences between the interviews and the archival information the interview data is presented and differences are noted. As much as possible, the terminology of the interviewees is used in the chapter to enable the reader to relate to the operations of the station as seen by the interviewee. The writer presents a summary of each station at the end of the interview summation. The summary section is not an analysis of the interviews but it points out the most prominent points, simply summarizing the information for the reader. The categorization of the stations by size has been determined by the writer based upon the dollar size of the station budget and the number of activities assisted.

The format of the interview summaries for the stations follows loosely the format of the interviews with two exceptions: the memorandum records and the commanding officer's report. These two areas are placed at the end of the interview results of the formal system. These two areas are important focal points for this thesis. The utilization of

the memorandum records was one of the primary areas to determine how the formal accounting system responded to the needs of the users. The degree of dependence upon the memorandum records by an activity provides the reader with an insight into how successful the formal system is in providing for the users accounting requirements. The report to the commanding officer was deemed important by the author because use of this report provided insights as to how the system was used by the commanding officer and provided a deeper insight into the structure of the accounting system. The insight into the accounting system is obtained by comparing the computer generated Commanding Officers Summary to the report submitted to the commanding officer which shows how effective the computer system is in providing the required information. The commanding officer is ultimately responsible for the activities of his station, thus the accounting system should be responsive to his desires.

NAVCOMPT Forms 2168-1, 2171, 2199 and the Uniform Management Reports were analyzed to determine their contributions to the station's system of financial management. These reports were used as representatives of RMS and the Navy's formal system of accounting. While these were not a complete listing of all the reports available, these reports provide a sample of the type that could be expected to be commonly used at a naval station.

The six facilities examined in this chapter are called Stations "A" through "F". This type of identification

preserves the anonymity of the units. The assurance of anonymity was given for all six stations and to the individuals interviewed in order to ensure their complete cooperation and candor.

The personnel contacted for the interviews included the commanding officer, the comptroller and members of the comptrollers staff. The members of the comptrollers staff usually included but was not limited to the accounting officer, the budget officer, and the assistant comptroller, if applicable at the station. The supply department head and at least one supply division officer were also contacted at each station.

B. STATION A: OVERVIEW

Station A, a medium sized operational unit, was its own authorization accounting activity (AAA). The staff felt being its own AAA allowed it some flexibility which other units may not have possessed. This includes the ability to run additional reports which may have been desired by the command. Station A was the AAA for tenant commands which were colocated there. It offered accounting services and provided memorandum support to all activities on base. Financial reports were generated by machine and for the most part manual reports were not maintained.

Reporting problems were caused by communication breakdowns with one detached unit. These problems were caused by distance and unpredictable mail delays. Teletype message traffic was required in order to counter these delays. This required

the accounting system to handle each problem for the unit in a different way than the rest of the unit. This non-standard handling of the accounts required corrections to be made on a weekly basis in order to maintain a clear pipeline between the two units, ensuring all the paperwork still outstanding was accounted for.

The station had been receiving very good support from its major claimant as reported by the station's comptroller. According to the comptroller, the claimant attempted to make reporting as simple and clear as possible for the operational units. Most notable was their informal authorization of funds before the activities got their 2168-1's and their positive guidance during periods under a continuing resolution.

The perspective of the commanding officer can be explained by the expression "Don't tell me anything that I don't need to know." This set the atmosphere of the weekly and monthly department head meetings. It was observed that the department heads were compelled to make value judgments as to the type of information to present to the commanding officer. His focus was with the total scope of the unit and he became involved with problems when they could not be handled at a lower level.

The comptroller's office was staffed by a military comptroller who had had one year's prior experience in handling financial matters and a civilian assistant comptroller who had been on the job only for a short time. The comptroller

had his people prepare a briefing sheet for him to work from. He left the analysis of trends and variances to his personnel and took the perspective of viewing the overall big picture. The comptroller's reliance on briefing sheets was also related to his limited accounting background and newness to the job.

C. STATION A: BUDGET

Funding for the actual running of the base was administered on an annual basis. The justification for the annual budget for operations and maintenance (O&M,N) began for the station at the department level. The budget figures were developed at the local management code (LMC) level. The department heads submitted their monetary requests to the comptroller along with an informal plan as to how they intended to spend the money. This spending plan, the Financial Operating Plan (FOP), was reviewed on a six month cycle by the comptroller. Prior to submitting the budget, the comptroller assembled the departmental requests and then compared them with last year's spending. If the budget requests were in line with the prior year's and not viewed as excessive, the comptroller inserted an incremental increase. The increase was added in provided there were no additional future requirements which had not been accounted for earlier. The request was then submitted to the major claimant for approval.

When the budget was returned to the station from the claimant in the form of the 2168-1, the station was already

using the annual funds based upon earlier phone conversations and message traffic from the claimant. Receipt of the 2168-1 was usually five to six working days after the start of the quarter, thus it was viewed as official documentation of the information already received. The 2168-1 provided budget figures and additional information to the station on its spending through the attached footnotes. An often voiced concern at the station was the fences that had been placed around the money by the claimant. These fences were viewed primarily as administrative and could be circumvented by a phone call to the claimant.

The allocation to each department was handled by the comptroller based upon the past history of the department's spending. The comptroller stated that if the departments needed an additional amount of money they could come back to him for it. Requests for additional money had to be justified, however a phone call to the comptroller backed by a written memorandum was sufficient. If the comptroller had given too much money to a department, the money was subject to reallocation by a Resource Management Board. The excessive amounts were determined by comparing the actual spending to the FOP. The O&M,N funds were tracked by the comptroller weekly and most cost centers relied upon his tracking to maintain their accounts. A funds control report was provided weekly to the cost centers along with a ledger of their transactions for the period. The budgets of the cost centers

included money for travel which was combined into their pot of nonlabor money. The nonlabor and labor money were kept in separate accounts. The station was currently working towards the concept of one pot of money assigned to a cost center enabling them to complete their mission.

The funding of major equipment was maintained by the comptroller in a central location and was allocated as the need arose. If shortfalls in the budget were in excess of fifty thousand dollars, the station would go to the claimant with a request for additional money. Amounts under fifty thousand were to be handled by the activity itself.

D. STATION A: REPORTS

1. UMR Reports

The UMR series of reports were generally held in low esteem by the comptroller's office. There was a discrepancy between the comptroller and his personnel as to whether or not the management reports were being sent to the departments. According to the staff, the departments did not receive any of the UMR reports and the only UMR report used was the UMR-C at the responsibility level. The report aided the comptroller department in the preparation of the commanding officer's report and was maintained by the budget section as a permanent historical reference. A problem with the application and utilization of the UMR reports at the cost center level was the fact that local management codes (LMC's) for identifying the cost center were just recently assigned. Before the local

management codes, a system was not in place to collect and account for the work units. Thus, the information on the UMR reports had not been totally effective to the station.

The time delays encountered by this activity as the result of the mail system from the outlying activity and computer malfunctions also threaten to make the reports less than totally effective. Effectiveness was also lost because the managers were not properly trained in the use of the reports. The interviewees felt that if the system was on line correctly it would provide a valuable service for all of the station's managers.

2. NAVCOMPT 2168-1

The 2168-1 was used to obtain information about the fences installed by the claimant, while providing an official record of the dollars allocated to the station. It was very seldom that anyone again referred to it after the initial screening.

3. NAVCOMPT 2171

The 2171 provided one of the inputs to the commanding officer's brief sheet (to be described later). The 2171 provided the comptroller with an insight to the command standing on a monthly basis with regard to the budget spending plan execution. It also provided the comptroller with a basis for the six month review cycle where he screened each department's actual spending against their projected spending plan.

4. NAVCOMPT 2199

The 2199, trial balance, was run on a weekly basis and checked to see if it was in balance. The 2199 was screened for unmatched disbursements resulting from improper posting to accounts. The 2199 also produced some summary figures which provided assistance when responding to questions from senior commands or the claimant. The comptroller viewed the report as too voluminous to handle quickly and was uncomfortable with the accounting style format of the report.

5. Report To The Commanding Officer

The Commanding Officer's Report was prepared by the comptroller's staff utilizing the UMR-C, 2171, and communications between departments. This report was presented to the commanding officer utilizing charts and graphs to show the status of the command. This was a monthly report and was designed to conform to the requirements of the commanding officer by showing the important information in a condensed format.

The command's handling of everyday problems was closer to the philosophy of management by exception than using long range planning. The commanding officer wanted all reports given to him to be brief and to the point. He did not want to become involved in any problem that could be handled at a lower level.

6. Memorandum Records

No memorandum reports were reported.

E. STATION A: SUMMARY

Problems with the system in operation were associated with the time delays caused by the detached unit which for the most part are unavoidable. Problems in timely computer runs and late receipt of input reports caused the system to slow down. The detached unit required a separate accounting procedure. The reports from the unit had to be continually updated, providing for a clear channel between the activities.

F. STATION B: OVERVIEW

Station B was a medium sized facility with a major emphasis on the support of operational forces. The station served as an Authorization Accounting Activity (AAA) for itself and the surrounding geographical area. Most of the customers were in the local area with the exception of an outlying unit. This unit increased the AAA's workload because problems unique to this activity had to be handled on a case-by-case basis.

The commanding officer had confidence in the ability and talent of his financial personnel. They were highly rated by the commanding officer and had been in their positions for many years. The commanding officer's stated goal was to prioritize spending in such a way that the greatest utilization of the money was obtained for support of the base. There was little concern expressed by the commanding officer over 3678 RS and 3179 RS violations. His major focus was mission accomplishment. He stated that the system provided for good control over the financial management at his station.

The stated philosophy of the comptroller was to give money to the managers and let them manage. The comptroller was dependent upon his assistants to carry out the office's financial management function. He did not personally make use of the financial reports provided by the system. His assistants analyzed the reports and supplied him with summary information. The assistant comptroller, a civilian with many years experience, was a key person in the financial system. He stated that the current computer system provided all of the necessary reports and there was no need for additional reports.

The department heads were held accountable for the spending of cost centers under their control. The departments used memorandum accounts backed a Funds Status report to monitor and track their spending. The primary focus of their accounting was on obligations that they had incurred.

The claimant allowed the station a limited leeway in moving money around in order to meet commitments. Additional funding from the claimant was requested only if there was a large dollar amount required. Changes to the station's budget were usually preceded by a phone call or message alerting the station to a possible change. Most of the station's financial dealings with the claimant were conducted by the comptroller except when the commanding officer's power was required.

G. STATION B: BUDGET

The station's budget was produced and executed with mission accomplishment as the primary goal. To accomplish

this goal, the commanding officer had only eleven percent of the budget as discretionary spending available to the command. Therefore, the comptroller worked closely with each of the department heads to ensure their dollar figures were met as the resources would allow.

Before the budget process started, the comptroller normally received a phone call from the major claimant in which he was told the dollar amount of the anticipated budget. In January, before being requested by the claimant, the comptroller tasked the departments to prepare their budgets. The departments were supplied with an estimated planning figure based upon what the comptroller anticipated they would receive and the prior year's spending. The official budget call from the claimant arrived in February. Any modifications to the budgets submitted in January by the department heads were easily changed to meet the new requirements of the claimant's budget call. The departments developed their budgets based upon the division's historical use of money and upon anticipated or forthcoming projects. The comptroller had a built-in cushion in the budget caused by inflation. He held back the increase and did not pass the inflation index down to the departments for already funded programs. The inflation index increase allowed for the funding of additional items or projects that had been earlier submitted as unfunded.

Requests for both labor and travel requirements were also submitted for funding by the departments. Requests for

additional labor were submitted by the department heads as an unfunded requirement. The submission of additional labor requests were used as a defensive device to prevent the removal of ceiling points by one department.

The station planning officer then consolidated the budget and any last minute changes or additions were made. The budget was then screened by the comptroller and presented to the commanding officer. The comptroller, utilizing historical trends, provided the commanding officer with additional information to support the budget. The information primarily concerned what level of funding was required for the individual departments to run effectively and what was the minimum just to keep them operating. With the commanding officer's endorsement, the budget was forwarded to the claimant.

When the 2168-1 was returned to the station, the money was allocated utilizing a limited holdback method or contingency funding. This allowed a small portion of the budget to remain unprogrammed, enabling the station to have flexibility to meet unforeseen requirements.

The dollar amount allocated to the departments was for a yearly figure and could be spent in the first quarter if required. The travel dollars were included in the department's nonlabor pot of money. Requests for additional funding for travel and transfers to the travel account from nonlabor accounts were permitted only with the commanding officer's approval. Travel funds could be converted into any other non-labor use without any higher approval by the department.

Tracking of the budget was conducted by both the comptroller's office and the individual departments. When the comptroller allocated the money to the departments he included the labor dollars but the departments were not required to track labor. The dollar amount was more of an awareness factor since labor was tracked centrally by the comptroller. Departments maintained memorandum accounts to track their spending for travel and nonlabor dollars. To ensure accuracy and timeliness of their travel account, one department had the liquidated travel claim figures brought directly back by the individual filing the travel claim and entered into the record which saved several days of processing time. With most of the departments tracking their individual budgets, many divisions did not feel compelled to maintain a record of their spending. The comptroller tracked the department's budget by utilizing the Funds Control Report. The Funds Control Report, along with a copy of the transaction ledger, was sent to the departments to ensure the accuracy of their memorandum records. The transaction ledger accompanied the Funds Control Report to provide information concerning what had been obligated, expended, or sent into accounts payable. This gave the department head a chance to see what was happening in the system.

Time delays in receipt of Funds Control Reports as well as delays in processing documents into the system were the primary reasons for the departments maintenance of the

memorandum system. The memorandum accounts provided the department heads with timely updated information. Corrections and accuracy were checked against the Funds Control Reports. A suspense account was used by the comptroller department as a pipeline control for the documents not yet in the system. The suspense account was a separate account established to enable the system to reconcile the paperwork that had not made the full cycle through the system.

H. STATION B: REPORTS

1. UMR Reports

The UMR series was held in low esteem by the comptroller. He stated that he had little faith in the reports simply because they showed the input to the system but not the outputs which resulted. The budget officer utilized the UMR-C. When the UMR-C was combined with the 2171, it allowed the budget officer to investigate how much was spent on an item, or how much was spent within a particular cost account for labor. The UMR-D was not used as a management tool but was one of the reports that was forwarded to the claimant. The major tool of the station was the Funds Control Report. The station used the Responsibility Center reports in combination with the transaction ledger to provide needed information to update the departmental memorandum records.

2. NAVCOMPT 2168-1

The 2168-1 was used solely to input the station's annual authorization into the computer and not as a management

tool. The dollar amount on the report was usually known ahead of its receipt due to heads up information provided by the claimant. The heads up could either have been by a message or just a phone call. Changes to the authorization amount, either an increase or decrease, were followed up by a 2168-1. The fences installed by the 2168-1 were of concern to the station and the commanding officer who would prefer just to have a large pot of money to work from.

3. NAVCOMPT 2171

The 2171 was not used as a management tool at the station because other reports, such as the Funds Control Report, provided more concisely formatted information for the user. The 2171 was used mainly by the budget department in combination with other reports to provide useful information. The 2171 was produced on a monthly basis and mailed to the claimant. It was used as a tool to balance the 2199. As noted by the assistant comptroller, both the 2199 and the 2171 were generated by the same inputs into the system. Thus, either report could have been in error and still balanced.

4. NAVCOMPT 2199

The 2199 was felt to be an important report for the station by the comptroller's staff. The report was used primarily as a tool to monitor the status reports of the station. It provided the assistant comptroller with a means to keep a running total on the accounts by using the statistics

accounts. It provided in one report a means to understand the command's financial position. The report was run on a weekly basis and the major departments were balanced. The assistant comptroller felt that weekly production of the report was adequate if the station was not in a financial bind. The 2199 was reconciled for a three year period. The 2199 was supplemented by a UC68H report. The UC68H report was a summary report which provided a finer breakdown of the 2199.

5. Report To The Commanding Officer

The commanding officer had a positive attitude towards the personnel under his command. His briefing consisted of a monthly informal briefing between the department heads and himself. There were no formal sheets prepared, but a three by five card was provided by the comptroller to assist in the preparation of the report by the department head. The text of the briefing by the department head included a summary status of their accounts and any additional problems.

6. Memorandum Records

Memorandum accounts were maintained by the departments. Several of the larger departments had civilian personnel to manage the accounts. The memorandum accounts provided the departments with a timely status of their accounts as well as providing historical budget information for their divisions that did not track their funds. The comptroller supplied the departments with a Status of Funds Report on a

weekly basis to tell them how much money they had. This weekly Status of Funds Report, by itself, was not considered to be a replacement for the memorandum system. This was because the Weekly Status of Funds report was not always on time. The memorandum reports provided the department head the primary input in preparing the brief for the commanding officer.

The station also produced a productivity report for its claimant as well as submitting copies of the 2168 and 2169 reports. Reporting requirements established by the claimant compelled the station to close its books one week prior to the end of the fiscal year. This could possibly have resulted in a violation of 3679 RS since the final week's activities were charged to the next fiscal year.

I. STATION B: SUMMARY

The station was dependent upon the assistant comptroller to keep the station's financial system operating. A balance was evident between the use of the computer produced reports and the memorandum records maintained by the departments although the lower levels did not obtain or use the reports.

J. STATION C: OVERVIEW

Station C was a large size facility which had as its primary function the direct support of operating forces. The facility was not its own Authorization Accounting Activity and was heavily dependent on its own memorandum

records. The AAA that was responsible for Station C's accounting sent out the computer work to be run at the local NARDAC. All three facilities, the station, the AAA, and the computer processing center, were in separate locations. Timing was a concern of the station in the receipt of reports but the staff expressed little confidence in the information that the reports provided. This was due to the computer center's history of computer failures and excessive workloads. The final computer output received by the station was often delivered later than expected and contained errors which had to be corrected by the budget officer. The budget officer stated that many of the errors made by the computer center were to be attributed to the fact that there was little quality assurance evident and they were producing a product for someone who was not within their direct chain of command. The AAA and the station did not interact closely on the problems that developed between themselves. Therefore, the station prepared all of the OCR documents for computer input in order to ensure accuracy in inputting information into the computer system.

The commanding officer was occupied with the total problems of the base. The commanding officer supported the comptroller's independent management of base finances and involved himself only when there was a problem. The comptroller's office handled most of the budgeting and planning matters. The comptroller's office also incorporated an internal audit

staff which reported to the commanding officer but was directed by the comptroller. The comptroller stated his philosophy as just getting the job done.

The comptroller stated that he only gave financial advice while he allowed the accounting functions to be carried out by the AAA. There was in general an uncertainty or lack of knowledge about the types of reports that were generated by the AAA and which reports were sent to their claimant by the AAA.

The station had a good working relationship with its claimant as stated by the comptroller. This relationship was based upon the personal reputation of the personnel at the station and their ability to establish credibility. This was obtained by not placing requests for additional money without good justification. Much of the interaction was done on an informal basis and the claimant attempted to keep the station informed on any changes that might affect them such as expected budget figures.

The station's concern was with its obligations and avoidance of 3678 and 3679 RS violations. The memorandum system that the station employed was the best real time information available to the individual managers to avoid the violations.

K. STATION C: BUDGET

Station C received from the claimant a budget call consisting of a document containing approximately thirty three

exhibits. The format for the returned budget was broken down by AG, SAG, and functional category code. The comptroller requested inputs from each cost center and provided them with some target figures. Any requirements in excess of the target figure were placed on a list of items which were unfunded. The budget requirements were submitted in written format to the comptroller who screened all the budget requests. He reviewed the requirements for proper justification and to identify holes in the request. He further screened for additional requirements and needs not listed. The comptroller voiced his opinion of the budgeting process when he stated, "We know what they need." Any late changes prior to submission were put in as unfunded requirements. The written formats were translated into the language of the accounting system of AG, SAG and functional category code which reportedly only the budget officer could interpret. The request was sent to the claimant without reclama from the departments or input from the commanding officer.

The budget was returned annually on the 2168-1. Hold Back Funding or contingency funding was used when allotting the OPFAR to the cost centers. The planned spending was compared to actual spending of the cost center and the contingency money, the money held back, was kept in reserve for emergencies. The O&MN money was allocated out by the comptroller based upon the total needs of the station. The unfunded requirements were then given a priority with the

commanding officer's input and the most important ones were funded.

The command estimated that it carried out its budget at approximately eighty five percent of planned. The final dollar amount assigned to the OPTAR of the cost center was questionable because the dollar amount that they had budgeted for was not what was assigned by the comptroller. Due to the lack of funds assigned, one department was compelled to go to the dumpsters to obtain the necessary material to carry out their mission. One positive point was that under funding did increase the station's awareness of cost savings. The personnel at the activity further stated that they felt that too many fences were being placed by the claimant on how the money they did receive could be spent.

Accounting for travel was included by the station in the OPTAR for nonlabor to the cost centers. The control over travel was handled by setting an upper limit on the amount available, similar to establishing a ceiling. This policy was not enforced by the station because a cost center could choose to give up buying supplies in order to pay for travel.

Labor funding was prepared by the budget analyst. The funding of the station's labor was based upon how many billets there were and simply funded at two percent less than required full strength. Overtime for the larger departments was based upon a gross percent of payroll and if emergencies came, additional funding was available from the command.

The OPTAR was assigned to the departments and a cardex was used to keep track of how much money was assigned to a cost center. Every Monday, the cost centers called in to comptroller's office and reported on the amount of money that their memorandum records showed to be on the books. The comptroller's office reconciled the reported amount against a Funds Control Report and had the cost center make adjustments for outstanding requests still in the pipeline.

The comptroller carefully manipulated the system in order to show a good trend in their spending. This was done so that the claimant would not threaten to take away the unspent money and yet allow the station to hold some in reserve for emergencies and unfunded requirements. This was done because the claimant would place the unused funds where they were most needed.

L. STATION C: REPORTS

1. UMR Reports

UMR reports C and D were used only by the budget division to build its data base. Generally, these reports were held in low esteem and no confidence was placed in them. This was because no work unit and work load data were being processed into the system, according to the comptroller. The Funds Control Report was used by the office in support of its memorandum bookkeeping.

2. NAVCOMPT 2168-1

The 2168-1 was used primarily as a historical document. The comptroller reviewed the document in order to note its contents and the fences installed by the major claimant. The bottom line was the focus and it affected the decisions that were made on the allocation of funds. Copies were forwarded to the AAA when received by the station.

3. NAVCOMPT 2171

The 2171 was used by the budget department for a quarterly review and by the comptroller to take a closer look at labor statistics and commercial activities. The 2171 was sent out by the AAA to the claimant as well as to the station and it arrived approximately three to four days after the month has ended.

4. NAVCOMPT 2199

The 2199 was also received three to four days after the month's end but at times had been as late as seventeen days after the end of the month. The budget analyst used the 2199 to ensure that the station was obligating on the level they should have been. The 2199, in detailing the amount of obligations for the station, showed the level to be on track when it was compared to their projected obligations. The 2199 was reconciled at the AAA and the reconciling function was viewed as the AAA's responsibility. The report was also used to check the validity of the memorandum records kept by the cost centers. When the validation of memorandum records

was complete, the memorandum records were then used as the primary tool for the year end spending of the station.

5. Report To The Commanding Officer

The Commanding Officer Status Report was a locally generated report to the commanding officer showing how well the station was doing. It showed areas important to the command such as utilities and where they were along the planned spending line. The status of the command's overtime and travel were included in the report. The commanding officer was also informed of any other problem areas.

6. Memorandum Records

The primary focus of this command's financial control system centered around its memorandum accounts. Memorandum records provided the only real time information to the cost center manager on his financial status. The records were checked weekly by the comptroller's office via phone call from the cost center. The summary figure on the department's books was compared to the information on the Funds Control Report and adjustments were made for items still in the pipeline. The memorandum accounts were compared at one time near the end of the year to the 2199 to establish their validity for use in estimating the end of the year figures. The budget officer stated that they were managing in the blind at the year's end because the formal system did not provide the information required in a timely manner to enable the managers to make decisions. The memorandum records were kept and reconciled for a three year period.

M. STATION C: SUMMARY

The system of budgeting was not carried out as required. There was a station policy of keeping records and reports to a minimum which was not carried out. The station was dependent upon their memorandum records which was apparently due to the fact that the station got poor service from AAA and the computer center.

N. STATION D: OVERVIEW

Station D could best be characterized as a large service oriented facility with several of its units disbursed about the local geographic area. Station D provided Authorization Accounting Activity (AAA) services to the commands in the local area as well as to itself. The station was tied into the Integrated Disbursing and Accounting System (IDA) and incorporated a system of stock and inventory controls under its comptroller. The station had its own Internal Review Personnel under the direction of the comptroller but it reported to the commanding officer. The station also had a section which was devoted to performance and appraisal which was similar to a quality assurance division. The station was undertaking several new projects and expanding the functions it performs. Labor costs accounted for about seventy percent of the command's budget each year. The work quality and morale was reported by several personnel to be high despite the pressure cooker atmosphere which overshadowed the work force.

Station D, as reported by the budget officer, maintained a good working relationship with its major claimant. A prevalent complaint in the budget office was that the claimant did not read the reports they got from the system. This was because the claimant's requests for reports included much of the same information which was contained in the standard computer generated reports in another format. The primary focus of the claimant was upon the station's productivity.

The productivity variances of plus or minus five percent required written explanations from the station back to the claimant. The cost center manager who was responsible for the variance had to submit an explanation up through the chain of command to the claimant. Problems existed due in part to the long delays involved in obtaining the reports and delays in submitting corrections to the reports. An error in a report could be detected in one month and still be shown in the report over a several month period before it was finally acknowledged. These errors tended to make the command appear weak in the reports received by the claimant. The commanding officer was therefore very interested in the productivity status of his command as the results were reflected in his evaluation. Talking to the commanding officer was viewed by some division officers as usually the result of poor productivity figures.

The comptroller viewed his job as a staff position but he was empowered with almost total control over the financial

matters of the station. Having completed several prior tours in the financial area, the comptroller felt well qualified for his job. His most time consuming function was maintaining the validity of the commands stock inventory records. The budgeting function- including production and execution was handled by a civilian assistant. Department heads were held accountable for overspending their OPTAR. Department heads also did their own financial legwork for major purchases which includes making all the financial arrangements. The comptroller still maintained a veto power over any transaction entered into by the department head. The department heads were required to maintain memorandum records for their respective departments by the command. The records were usually maintained by the department secretary who had little training and no recognition. These records were checked on a weekly basis against the transaction listings and problems were taken to the budget office for reconciliation.

O. STATION D: BUDGET

The budget was completely under the purview of the budget officer who was responsible for its formulation, execution, financing, and internal programming. The budget officer was also responsible for making any additional recommendations to the budget that were deemed necessary. To assist in the budget submission process, the station made use of a minicomputer which saved time when last minute changes were made during the final assembly process. Another system designed by

the budget officer using the output of the minicomputer was run in parallel to the normal budget process. This system accounted for the money by assigning it to segments and then providing a bottom line figure. An example of a segment would be the money assigned to utilities. The output of this system showing the segments was maintained manually.

The budget process began with the budget call being received by the station and the departments were then tasked to submit their requirements and estimates for the upcoming year. The submission process as directed by the claimant established specific guidelines and requirements for the station. These finite controls placed by the claimant were viewed as an attempt to micromanage the affairs of the station. The controls resulted in less flexibility for the station to carry out its mission. All justification for the budget dollars had to be very clear and well defined.

The receipt of the 2168-1, which was on a quarterly basis, was viewed as a check which was cashed and disbursed to the OPTAR holders. The submission of forms and reports was sometimes delayed at the start of the year and some departments operate in the deficit mode until it was all updated, sometimes as late as mid-year. The comptroller had the ability and power to move resources around to meet the needs of the station within certain constraints. Any movement of funds between cost accounts required a modification to the station's financial spending plan. This prevented any cost

account from deviating from the allowable five percent. The department head owning a cost account which exceeded the five percent began an explanation report to the claimant. The comptroller was also responsible for the report being sent to the claimant.

The OPTARS assigned to departments were just for materials. Labor funding was handled centrally as was travel, training and general utilities. Overtime was given on a quarterly OPTAR basis to the departments. The accounting of the OPTAR funds was done on a manual basis on memorandum records. The accounts were usually kept by the department secretary. Some department heads were in the process of writing the accounting assignment into the job description of the secretary's position to show the importance of the assignment.

The budget system was viewed by some in the command as an empty show of effort. The paperwork process was designed simply to justify the money they were earmarked to get anyway. Cost saving efforts went unrewarded as any cost savings usually resulted in getting your budget cut.

P. STATION D: REPORTS

1. UMR Reports

The UMR reports were held in very low esteem by many within the command. A senior officer within the command who was once a comptroller, viewed these UMR reports as worthless tools designed to justify the budget. The reason for this attitude was because the reports were obtained too late by

the managers to assist them in making timely decisions on their jobs. Produced as a monthly report, the UMRs were usually late in arriving because they were put on a back burner, a lower priority report in the computer center's production cycle.

The comptroller used the Commanding Officer's Summary to prepare his report to the commanding officer. A careful eye was also kept on the UMR-A which when combined with the Commanding Officer's Summary, gave a reflection of the command's productivity. The information was used to determine trends in production rates and personnel utilization. This information also revealed how the claimant viewed the accomplishments of the command; thus, the commanding officer was quite concerned with the reports. Even with all of this data, the comptroller still maintained his own records on labor statistics, making inputs to it on a monthly basis in order to recognize any developing trends. The report's usefulness was reduced because of the time delays. Corrections to the reports were often several reports delayed thus, a critical error would be apparent in several consecutive reports.

2. NAVCOMPT 2168-1

The station employed the 2168-1 as an instrument to transfer funds. It was viewed as a check that was cashed and disbursed. The parameters were scanned and the limits on funds were noted and then the 2168-1 was seldom referred to again. Since it was received on a quarterly basis, the

information was fairly current. There was no dollar figure given for a total yearly amount so the station was compelled to conduct its financial operations on a quarterly basis.

3. NAVCOMPT 2171

The 2171 did not produce the type of information which the comptroller used on a regular basis. The 2171 was used only if an expense element became a concern to the station. A concern would have been present if the claimant complained about a lack of a straight line for their obligation rate. This was usually caused by an issue of large dollar obligations early in the quarter. In order to prepare to answer the questions posed by the claimant, the unit had developed a manual 2171 which was prepared by the budget analyst. The manual 2171 produced a bottom line which was the sum total of all the expense elements. There was a feeling widely expressed that the claimant was also doing this type of breakdown. This feeling was due to the type of questions they received concerning the reasons for the difference between actual and planned obligations at the station.

4. NAVCOMPT 2199

The comptroller used the 2199 when looking at the bottom line. It also provided a review of the undistributed expenses and unliquidated obligations. The 2199 also provided them with the amount of suspense labor. Suspense labor was that labor which was not correctly associated with a job order. This became importance because the station had to put

an extra ten and one half percent into the labor account for fringe benefits. The 2199 report was balanced only for a one year period.

5. Report To The Commanding Officer

The commanding officer was briefed by the comptroller on the status of the base's funds, the status of labor, contract administration, and the physical inventory. The Commanding Officer's Summary was a resource material for the brief but it was not given to the commanding officer. Additional information provided in the brief included how the departments were doing on spending their OPTARS, what was the status of the budget with respect to planned versus actual, and the total cost of utilities. The commanding officer wanted most of the information presented to him in a graphical format.

6. Memorandum Records

Memorandum records played an important part in the operation of Station D. This was due because the formal system did not serve the users needs. Each of the computer forms provided some excellent information but usually was not quite in the format to answer questions posed by the claimant or to be used effectively in day to day operations. At this facility the IDA system was so distrusted that a set of handkept books were used in order to maintain some credibility and checks in record keeping. Maintenance of memorandum accounts received limited support because the updating

material from the computer was at times not passed down to enable corrections to be made on the manual system of book-keeping. Any report used at the unit to show authorization versus "How am I doing?" was produced through a manual system.

Q. STATION D: SUMMARY

The training and degree of expertise varied within the command. Some department heads did not know what to do with the reports while some cost center managers used them to great advantage. Overall, there was a low level of training in the use of UDAPS material within the command. Information had to be extracted from the reports and placed in a separate format in order for it to be useful to the manager. One cost center manager viewed the computer output as his sole grading criterion and in order to prevent errors in the report, he personally had all the inputs to the system typed on an OCR form and rechecked for accuracy. Most felt that if the UMR's were produced on a more frequent interval, they would prove to be much more useful.

R. STATION E: OVERVIEW

Station E was a medium-sized facility with a service orientation. It was its own Authorization Accounting Activity (AAA) and provided this service to facilities in the same geographical area. The Integrated Disbursing and Accounting System (IDA) was partially installed. The new IDA system

held some unanswered questions for both the activity itself and the customers. Knowledge, by the station personnel, of the forms or report breakouts which could be produced by the system was limited. They had a desire to learn about the system but did not want to generate too much paperwork for the smaller facilities using the system. The number of report types produced was determined by the computer time available. The number of reports was intentionally kept to a minimum by not volunteering to do additional reports. The reports and forms were produced only when specifically requested by a particular unit. This limiting policy was in keeping with the station's active program against fraud, waste and abuse.

The commanding officer allowed the comptroller flexibility in conducting the financial activities at the station. The commanding officer maintained an active interest in all the financial activities but only looked into accounts when some type of problem was brought to his attention. His major focus was on the command's productivity because this was the major grading criterion of the claimant. The executive officer was also directly involved in the financial matters at this station.

Quite a few of the comptroller's staff members had been civil service employees for many years. Thus, when asked about the system's operation, one staff member replied, "There was no need to get into the reports." This response was tied to the fact that total system knowledge was low and the system was not fully implemented.

The focus of the comptroller's department was on monitoring obligations incurred by the station. Each department was held accountable for the spending of the cost centers under its control. Division officers voiced complaints that the computer generated reports were not being received at their level; thus, they were only obtaining a limited amount of the information needed to perform their job. The division officers were not compelled to account for their spending whereas department heads were.

The claimant was a very dominant force for the station. When the claimant began to examine an area such as the accounts payable, the station responded by turning its attention towards that area as a major concern. The command tried to second guess the actions of the claimant. An example of the claimant's power and control was when it reduced the station's budget five percent across the board. This reduction was part of the claimant's productivity enhancement program. The claimant's influence was felt indirectly in the establishment of the personnel staffing makeup of the station. The claimant controlled through the budget how many personnel would be employed in one given cost account. Based upon the comptroller's analysis of the cost account codes in the budget, personnel were added and deleted from the staff. If the budget codes dictated a reduction, it involved a longer process in order to protect the employees; thus, reductions are not automatic. Budget figures could be changed by a phone call from the

claimant, either increasing or decreasing the dollar amount. Productivity figures which were greater than ten percent had to be reported to the claimant by the department which had this problem.

S. STATION E: BUDGET

Because the station was not usually constrained for money, the budget process was not a time for scrambling after available dollars. The budget process began with receipt of the budget call from the claimant. After the budget call had been interpreted, guidance was provided to the department heads on their budget submission. The department heads were given a target or control figure from which to determine their inputs. The department budgets were developed as zero based budgets. Each department had to justify their existence and the money they received for both labor and nonlabor. By this method of budgeting, the departments were made aware of their spending patterns and could better achieve cost savings. The inputs were submitted to the budget officer who screened them with a hard look given to dollar amounts that exceeded the control figure. Then, with the comptroller's assistance, the inputs were compared to the prior year's spending and a Financial Operating Plan (FOP) was developed. The budget was next routed through the executive officer to the commanding officer. The commanding officer then established a priority list of needs which exceeded the control figure for the station.

Labor and travel dollars were centrally controlled. Labor funding was budgeted through the use of ceiling points. By using a ceiling point, the dollar amount was based upon the number of personnel allowed. The budgeted amount was then compared to the previous year's figure and added to the budget submission. The travel requirements were submitted by the department heads based upon the travel being on one of three levels of importance, from required to nice to have. The requirements were reviewed and a dollar amount was then submitted with the budget.

The prepared budget was sent off to the claimant and three to four months later the 2168-1 was returned to the station. The actual dollar amount established the annual funding availability for the station which could be changed by a phone call from the claimant. Travel funds were almost always returned at a value less than submitted.

The comptroller's office estimated that it had the required funding reports ninety-five percent of the time prior to the start of the quarter. When no funding was available, the station based its spending on previous levels and closely controlled spending.

The station did not have a uniform policy for tracking the budget. The budget officer maintained a memorandum system in order to keep a running track of the budget as well as maintaining the spending records graphically. Tracking for each specific cost account was done by designated individuals in the budget department who tracked a specific cost

account code and kept the departments informed as to their status. The budget department obtained a copy of every non-labor requisition to check for the proper use of the money assigned and prevent violations of 3678 RS. Tracking by the department was by use of a manual memorandum system which tracked actual usage against the planned target. Some divisions tracked their spending while other divisions did not, leaving this function to the department heads to carry out. However not all departments kept a memorandum system. Some smaller departments simply used the report from the budget division.

Cost saving in nonlabor dollars could be applied to hiring temporary labor to assist during periods of heavy workload. Actual labor dollars were controlled through the use of ceiling points with the executive officer's approval. Overtime had to be routed through the comptroller office and approved by the executive officer prior to its use, although some exceptions to this policy were allowed.

Close attention was paid to the station's productivity by the budget department. The productivity was reviewed monthly and sometimes on a weekly basis, primarily through the UMR reports. Actual usage of the stations O&M,N funds was identified by means of a semi-annual review.

T. STATION E: REPORTS

1. UMR Reports

The station used the UMR reports to check the productivity of the station. Both UMR Forms A and C were used by the station. These reports were run on a monthly basis and were usually sent out by the tenth of the month. At times, the UMR reports were run on a weekly basis for some local management codes (LMC). Having a breakout by LMC, the budget shop was able to monitor the operations of any cost center, comparing actual productivity to the planned productivity. A copy of the UMR was sent down to the departments which were able to monitor the LMC's under their purview. The UMR reports were very seldom seen at the division level as confirmed by one of the supply division officers.

The UMR-A was considered to be an expense element report and it was used to process adjustments into the station's budget. The UMR-C, when combined with the 2171, was used to zero in on specific areas of concern.

The budget office undertook the major effort of breaking out figures which were for specific functional managers. This manual system was time consuming and was designed to provide supplemental information for the functional managers that were located with the claimant.

The comptroller stated that he used the Funds Status Reports to develop a feel for the spending status of the activity. A manually developed report was compiled once all

of the UMR forms had been reviewed. The manually developed report was sent to the departments from the comptroller stating how much money was spent and gave the present status of their account. A separate review of all the reports was made by the comptroller's office which established a spending pattern for each department.

2. NAVCOMPT 2168-1

The 2168-1 was received by the station on a quarterly basis. This report was usually received prior to the start of the quarter but had been as much as fifteen days late. Changes in the amounts on the 2168-1 could be made by a phone call or message from the claimant, who sent the money to other stations under its control where it was needed more. In each case, a hard copy 2168-1 amendment was always part of the follow up. The station had received as many as seven to eight changes per year.

The comptroller conducting the financial operations of the station, did not consider the 2168-1 useful. The report was forwarded to the Authorization Accounting Activity section for input to the station's records to record their authority. The budget officer used the 2168-1 as a supplement to posting the 2199.

3. NAVCOMPT 2171

While produced each quarter for submission to the claimant, the 2171 was produced and reviewed by the comptroller's office on a monthly basis. The report was balanced

against the 2199 and usually combined with the 2199 to show greater detail and breakout items by element of expense. The 2171 was used by the staff to break out detailed expense elements and to identify costs.

4. NAVCOMPT 2199

The most important use for the 2199 by the budget officer was to answer the question, "How much did I spend?" A copy was sent monthly to the budget officer and quarterly to the comptroller. The actual report was run on a weekly basis and the key accounts were balanced. All inputs to the accounts had to be turned in on Friday morning in order for the program to be run over the weekend for a Monday morning printout. If the accounts revealed an imbalance, the balancing correction was produced from the transaction ledgers. The 2199 was reconciled for three years.

5. Report To The Commanding Officer

The briefing of the commanding officer usually included information on the status of funds and the productivity figures. An established formal report was not employed.

6. Memorandum Records

Memorandum systems were maintained at various levels. The budget division maintained one set which was a major control factor for the base. Many of the departments maintained memorandum accounts because of delays and poor communication causing problems in inputting information into the system. The memorandum systems kept by the departments were used to

track their obligations. One department head stated that they very seldom spent all of their money there for the focus was on obligations and not expenditures. Memorandums were also used to track the various contracts for the base.

U. STATION E: SUMMARY

The station was tied very closely to the claimant. A non-uniform system for tracking the budgets lead to a dependence upon the budget officer's centralized memorandum record. The UMR reports were sent to the department level but they seldom made it to the cost center.

V. STATION F: OVERVIEW

Station F, a large support facility, was designated an Authorization Accounting Activity (AAA). Station F provided computer services consisting of cost accounting, operating budgets, and payroll/timekeeping for its customers. Additionally, it was responsible for paying the bills incurred by all of the local area commands and ships. Station F made special computer runs in support of its own facility and attempted to give the same type service to all of its customers. They were sometimes able to provide next day service on some computer output forms. The senior civilian in charge of the AAA stated that they also provide the taxpayer an additional service by questioning unnecessary computer runs. By asking, "Why do you need it?", and threatening to charge for the additional work, this effectively made people question if they need a particular report prepared.

The station responded to its major claimant through the claimants fund administrator who acted as a middleman keeping in constant touch with the needs of the station and the desires of the claimant. The claimant's focus, in the opinion of the comptroller, was on the productivity of the units under its cognizance. The station made an estimate of their expected production and accomplishments and established guidelines for itself. After the guidelines of acceptable performance had been established by the claimant, any variations of plus or minus ten percent required a written summary explaining the cause of the variance. Because the claimant used productivity figures to evaluate the command, the focus of the command and its managers were on their productivity and use of resources.

The commanding officer was knowledgeable in all facets of his command's operation. He maintained a view of both the macro and micro level of the operations which were conducted. He reviewed many of the reports that left the station. His screening of the reports on a regular basis allowed him to recognize when a potential problem existed. The commanding officer was concerned with maintaining a high level of productivity.

The staffing, as stated by the commanding officer, was quite good for both the military and civilians. Some of the civilian personnel had been on the job for a long time and were highly knowledgeable. With few exceptions, the military

personnel had a good background in finance which provided for a smooth running organization.

The division officers supplemented their productivity estimates through the use of the UB01 report. This report was a technical report which gave the user information on the work units used and the amount of work produced from the work.

The command's focus was on obligations early in the fiscal year but the focus turned toward expenditures as the year came to a close and money was tight.

W. STATION F: BUDGET

The budget process began for the station upon receipt of the budget call letter from the major claimant. This normally occurred approximately forty-five days prior to the submission date. The letter provided necessary guidelines for the budget submission. It requested the station's projections by cost account code, projections of the work units that were planned and the fixed costs that were needed to keep the station running. The letter also provided a control or target figure to aid the station in establishing an amount the station could reasonably plan on obtaining.

The budget call and mid-year review were handled in the same manner. Both required the department heads to submit inputs for their projected budgets stating any additional requirements above the prior year's figure while trying to remain within a control figure given by the comptroller.

The budgeted requirements had to be thoroughly justified by showing the planned projects, requirements for additional equipment, or any anticipated increase in workload. Department budgets did not include travel or labor costs because they were dealt with at the command level. The department heads briefed the comptroller on their budget submission proposals. The comptroller stated that he did not accept the requirements verbatim; he reviewed requests for money which exceed the the target figure then compared the requirements against the last year's expenditures and against a priority list of programs which had been established by the command. After being screened by the comptroller, the compiled list was sent to the commanding officer via the executive officer. The commanding officer screened any request over and above the control amount and made a decision about the funds each department would receive. The department heads were then given a chance to reclama if they felt that the assigned amounts were insufficient.

Travel dollars were pooled on the command level, which was a control tool and a holdover from when there was a ceiling on government travel. Department heads submitted their projected travel requirements which were then compiled into a priority list by the commanding officer based upon the potential return to the command. Each request was judged on its own merits by the comptroller based upon the commanding officer's list. The travel dollars requested in the

budget were an incremental increase over the previous year. The budget amount for labor was also determined at the command level with very little input from the departments.

The final budget proposal was compiled and sent to the claimant. The proposal was a document of about one hundred and fifty pages in length which had grown from fifty just two years earlier. Several of the comptroller's staff stated that the whole budget process appears to be a paperwork drill because the claimant usually came back with the target figure regardless of the justification made for additional funds.

The claimant returned the 2168-1 and installed some fences on the spending of the funds. Movement between fences was permitted, but it had to be fully justified to the claimant. If additional funds were required it was possible to obtain an amendment to the 2168-1. From these budget figures, the comptroller prepared the OPTARs for the station and sent them to the departments. A target figure for overtime costs was included to give the managers some additional flexibility but each request for overtime was approved by the executive officer.

When operations were conducted under a continuing resolution, the funding was handled on a day-to-day basis. This allowed only for spending of essential materials and services.

X. STATION F: REPORTS

1. UMR Reports

The whole UMR series of reports were readily available to the station because they were their own Authorization Accounting Activity. The requirements of the claimant called for the use of UMR-A which was reported to the claimant on a monthly basis. When the UMR-A was compared to the FOP, a report on productivity was produced. Variations in productivity boundaries exceeding ten percent required a written explanation to the claimant explaining the cause and had to be submitted prior to the following month. The commanding officer carefully scrutinized the UMR-A before it was sent to the claimant and was concerned about the variances between the planned and actual spending and the command's productivity rate. The accounting division sent out the UMR-A to the budget division and to the individual department heads. The division level only received the UMR-A when it had overspent, was approaching the point of overspending or had violated the ten percent productivity figure. UMR Forms C and D were used by the budget division to provide some historical information with a focus on productivity.

The department heads stated that the once-a-month input of the UMR-A was not enough. At a monthly interval it was at best a historical document of how things were done. Because the manager was held accountable for his productivity, a weekly report would have helped him to better assess his department's performance and make changes where necessary.

The Weekly Status of Funds Report provided the comptroller with a checkbook balance showing the total obligations incurred. This information was not provided to the departments because they used memorandum records to account for their OPTARS.

2. NAVCOMPT 2168-1

The 2168-1 was used as a tool by the budget analyst. It was received by the command quarterly and sometimes arrived as late as thirty days after the start of the quarter. When the 2168-1 was received, it had an audit sheet attached showing changes to the funds. The form was not routed to the department heads or the commanding officer although the latter was aware of amounts through briefings by the comptroller. If it appeared that the command would not have enough money to cover the quarter's expenses, an amendment to the 2168-1 could be obtained if the justification was sufficient.

3. NAVCOMPT 2171

The 2171 was not used by the comptroller's staff at this command. The form was sent to the major claimant on a monthly basis and it was used there by the Fund Administrator.

4. NAVCOMPT 2199

The 2199 was used during difficult periods when there was a chance of going into the red or deficit. When it was used in this manner, it signaled the command that they have problems with their internal communication. Internal

communications were the problem because the funding could normally be found to meet an urgent request if the comptroller was made aware of the need. The 2199 was produced monthly and sent to the major claimant. When reviewed on a monthly basis, it provided a basis for developing trend analysis. All areas of the report were looked at, but the most important area to the comptroller was the bottom line. The 2199 was also run on a weekly basis to ensure that all accounts were in balance and to search for developing problems. It was sent to the division only when they had exceeded the ten percent boundaries in their productivity and had to respond concerning the variation. The command had a minicomputer and was able to reconcile the 2199 for the current fiscal year and the two previous ones. The current year figures were also reconciled by comparing the 2199 to the transactions listings to ensure the pipeline was clear of current transactions.

5. Report To The Commanding Officer

The comptroller manually prepared a brief sheet for the commanding officer which was a summation of the 2199 and the UMR-A. The focus of this report was on the overall performance of the activity. The report provided the amount of the authorized obligations and the amount remaining, the estimated payroll, as well as the estimated amount of reimbursables for the year which would allow the commanding officer to make decisions on what actions the command should

take. It was prepared on a standard piece of paper and the finished copy was typed; no standard form was used. Additionally, the commanding officer received briefings in chart and graph form particularly in the areas of spending and productivity. These charts were visual displays of the information that was contained in the UMR-A.

6. Memorandum Records

Memorandum ledgers were important in this command. The division level managers made their spending decisions based upon their own OPTAR ledgers. The memorandum records were reconciled when there was a problem such as possibly overspending their OPTAR. The results of the reconciliation often showed that price increases were the cause of overspending. The comptroller's office also maintained a memorandum log of all requisitions that left the command. Thus when the year-end came- the comptroller had a positive means of controlling the command's spending. The comptroller's log was also reconciled against the 2199.

All divisions and departments maintained memorandum records of their individually assigned OPTAR. The requirement for maintaining these records had been established through a written command instruction. Even with a computer at their fingertips, there remained a dependence upon manual record keeping and ledgers. The memorandum records were referred to primarily when there was a question about overspending. They were then compared to the computer generated information to establish the correct balance in the account.

The memornadum records themselves were usually inaccurate because of price adjustments.

Y. STATION F: SUMMARY

Each cost center was held accountable for their productivity and use of resources. They were given management tools such as the UMR-A and 2199 only when in trouble. They were then obliged to obtain management information from other reports such as the UB01, which is a statistical indicator, in order to get a feel for their productivity.

Each of the stations listed have some facit of their accounting system which is unique unto itself. The summary of this chapter is provided in Chapter IV.

IV. ANALYSIS, CONCLUSIONS AND RECOMMENDATIONS

A. ANALYSIS

This chapter presents an analysis of the methods the stations utilized to provide its personnel with financial information used to complete their mission. Both the formal and informal accounting systems are considered in the analysis. When the users perceived that the formal system was failing to meet their needs, they developed manual and memorandum reports.

The RMS reports from each of the six stations are compared on a report by report basis. This comparison of the stations demonstrates how the reports were employed by summarizing how each was used. The comparison follows the basic format of the station summaries in the earlier chapter. The emphasis is on how the stations used the formal report in contrast to a focus on the informal reports. Any exceptions or differences in use of the formal reports between stations are noted. Whenever memorandum systems and manually derived reports are used in place of the formal system's reports, the reasons for this course of action are analyzed. Finally, the reasons for utilizing the memorandum record system instead of the formal RMS reports are discussed, conclusions are drawn and a recommendation about the application of the formal RMS reporting system is made.

1. Overview

Each of the stations in the study utilized O&MN funding. The stations sampled were divided into operational and support facilities. Stations functioning in an operational mode did not handle the financial reporting in as uniform a manner as the support stations. The operational stations that contrasted most significantly in the utilization of the formal system were Stations A and C. Station A used the formal system with only a few reports being manually produced whereas Station C was dependent upon a memorandum system both to account for its financial position and to provide the information necessary for making financial decisions. The support stations generally handled their financial accounting in a very similar manner. While using the formal system to a greater extent than the operational stations, the support stations still maintained memorandum systems.

2. Budget

All of the stations handled the general budgeting process in a similar manner with regards to the obtaining input for the budget submission to the claimant. There were three major differences between the stations' budget processes: the extent of the commanding officer's involvement in the budget process, what type of areas (e.g., labor or nonlabor) the departments budgeted for, and the conduct of a mid-year review.

The commanding officer played a critical role by providing positive guidance to the financial managers during

the budget process at several stations. At Station E, the commanding officer established the funding priorities for the facility. At Station C the commanding officer became involved after the budget was submitted and then only to establish a priority for the unfunded items.

The items that the department heads budgeted for included nonlabor, labor and overtime. The items budgeted varied from station to station. At Station E, department heads budgeted for labor while at most of the other stations labor funding was handled on a centralized ceiling point basis.

Only Stations F and D conducted a mid-year review of their budgets. Station F conducted a formal mid-year review of its budget priorities and goals; Station D reviewed how and if the money allocated was actually being spent.

3. Formal System

a. UMR Reports

The use of UMR reports and the importance that these reports had in the daily management and operation varied from station to station. The differences in the use of the reports were evident particularly in a comparison between Stations C and A (both were operational stations). The limited use of the UMR reports by Station C and the negative opinions toward them was contrasted to the total use of the reports by Station A. The support activities and their claimants made use of the UMR-A to show their productivity

performance and as an evaluation tool. Five of the stations in the study also used the UMR-C or -D report to provide an input into the budget department's historical data base.

A complaint voiced by the users of the formal system was the frequency and time delay experienced in receiving the reports. Input, production and distribution delays encountered compelled the reports to be used as historical documents. Even though the reports were used as historical documents, several stations failed to pass the reports down the chain of command to the lower levels where the reports could have proved effective in providing information which would allow management to make better decisions. Station F provides an example wherein the financial reports were passed to the cost center level only when there was some likelihood or probability of overspending the budget. Thus the cost center manager was not provided with helpful information until the problems grew serious.

The weekly funds status report was an important financial tool of the comptroller at many stations. Almost every station considered it to be their most useful report. Station personnel often voiced that the funds status report provided them with an easily utilized checkbook balance. This report kept the financial managers abreast of the station's financial position. The funds status report was used by several stations to provide a check of the memorandum records which were maintained within the command.

b. NAVCOMPT 2168-1

The use of the 2168-1 form remained fairly constant from station to station. The 2168-1 form established the legal authority for each station. Memorandums or telephone calls aided in the addition of funds to the budgets, but these communications were backed up by hard copy amendments to the 2168-1. The 2168-1 form was viewed by several managers as a check to be cashed and disbursed.

c. NAVCOMPT 2171

While the stations differed in their outlook concerning the value of the 2171 report, it was generally used in the same fashion from station to station. It provided a breakdown by expense element for the station as well as the claimant. At Station D material from the 2171 report was recopied into a revised format. This format clustered like items for easier analysis by the comptroller. At Station A, the 2171 report was used to provide information for the preparation of the commanding officer's brief.

d. NAVCOMPT 2199

The 2199 was used by each station surveyed although application of the report differed from station to station. Stations A and E used the 2199 to ensure that the balance of the accounting system was maintained and that the debits equalled the credits. To check the systems operation, the larger sized departments were checked for the completeness of the entries made to the data base and to show that the

system was in balance. Stations D and F used the 2199 to provide a bottom line or summary figure which provided the amount of money obligated. Station C further used the report to check for the level of its obligations with their projected level of obligations and to compare the amounts obtained to the memorandum accounts maintained by the station.

4. Informal System

a. Report To The Commanding Officer

The method of reporting to the commanding officer varied in the formality of the report and the content of the material presented. The UMR generated Commanding Officer Summary was used to prepare the commanding officer's brief at two stations, but no station comptroller actually presented the Commanding Officer's Summary to their commanding officer. The information presented to the commanding officer was in a condensed form usually supported by graphical display. The basis of the comptroller's report to the commanding officer came from various RMS/UMR reports and memorandum systems, depending upon the requirements of the commanding officer.

b. Memorandum Records

In several cases, memorandum records filled informational gaps caused by unhelpful formats or time delays in the formal system. In every case observed at the six stations, the memorandum records covered portions of the obligational accounting system (focus was on obligations and unobligated balances) within the cost accounting framework

orientation of the cost center or department/division. In the few instances where cost accounting framework orientation of purpose was also observed in memorandum records, it was limited to the expense element aspect of purpose (i.e., travel is an element of expense). No memorandum records were observed in the accrual (expense) accounting area at all, and no memorandum records were observed in the majority of the cost accounting framework orientation of purpose (AG/SAG, F/SFC, CAC costs). In essence, memorandum records were maintained to identify where a division/department/responsibility center stood relative to obligations to date to avoid a station-wide 3679 R.S. violation. These reports were maintained by financial managers at various levels within a command. Stations C and E used a centralized memorandum system to screen for 3678 R.S. violations; Station C further used the memorandum system to provide a control system to limit spending at the end of the fiscal year. Only Station A did not maintain memorandum records and relied on machine produced reports to account for its finances.

Memorandum systems were developed for many reasons. The following reasons were gleaned from interviews with station personnel.

1. The formal system does not produce reports in the time frame needed or in a timely manner. Additionally, the formal reports failed to meet the user's requirements at several levels from the cost center to the responsibility center.

These requirements included having current complete information available in a timely manner to enable financial managers to make decisions concerning application and use of available resources. The production of machine generated reports requires a period of time to input the data, produce the report, and send the report to the user. This process often takes several days to accomplish. The memorandum records provide the user an approximation of his financial position and a real time means from which to make financial management decisions for the station.

2. The current formal system does not always present the information in a format most useful to the user. A workable format would permit the user to extract the important points while expending only limited amounts of time. The format of the 2199 was viewed by the comptroller at Station C as too voluminous, containing too many pages of information both important and unimportant, and difficult for another comptroller to read because of the format. The financial managers want the information presented to them in a format which will allow them to quickly view the information, analyze the material, and rapidly make decisions from the data presented. In many cases, the memorandum records are the answer to the problem, often providing the manager with a checkbook balance from which to base his decisions. The graphical reports that were developed for the commanding officer's briefs

are another example of an informal system developed to provide a snapshot presentation.

3. Memorandum records were maintained at some stations as a backup to the computer system and to provide some credibility for a means of confirming the reliability of the formal accounting system to the system's users. Input errors and hardware failures have lead some users to maintain a separate set of books to parallel the formal system. The credibility of the system at Station E has been increased by the installation of the IDA system, but until all of the problems are worked out of this system, memorandum records provide a check on the credibility of the formal accounting system. IDA will not solve all of the problems inherent in the financial accounting system but it has helped to reduce some of the difficulties.

4. Specific knowledge of what the formal system provides the financial manager is limited. At Station E, the managers were unsure of the contents of the reports and unfamiliar with aspects which are available to assist them in their financial accounting. Station E provides an example of an Authorization Accounting Activity (AAA) facility which had personnel with only a limited knowledge and understanding of the types of reports which could be produced by the system. Considering their limited knowledge, one might conclude that the customers of this AAA possessed a similar or lesser extent of knowledge of the reports. The example of Station

C, on the other hand, shows that a memorandum system provides understandable information for financial managers which can be controlled by means of a cardex or other similar means to supplement the formal system.

5. The use of a memorandum system provides another way to analyze the financial material generated by the formal system. The attempt of this analysis is to have information available which the claimant may require from the station. Station D performs additional manual labor in an attempt to second guess its claimant and have the material available when requested. Station C also maintains a separate system to maintain a track of their obligations.

B. CONCLUSIONS

1. The analysis of the interviews indicates that the current system of financial accounting does not meet some of the needs of the users of the system. Time, manpower, and money are spent on devising new systems to provide needed information to the financial managers so they can do their jobs. The traditional memorandum system is still an important tool in most comptroller departments. Though time consuming in terms of personnel assigned and duplication of effort, memorandum records provide a reasonably accurate real time display of a manager's financial position of his current level of obligations. The formal system is usually more accurate but the processing time of the reports combined

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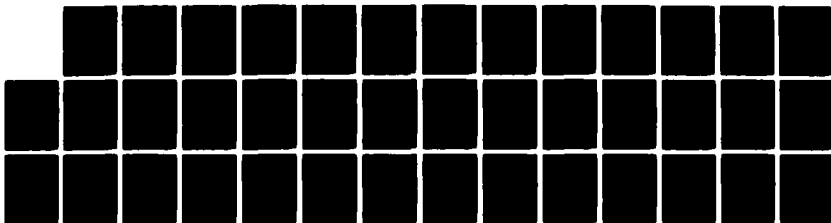
MEMORANDUM RECORDS IN RESOURCE MANAGEMENT ACCOUNTING
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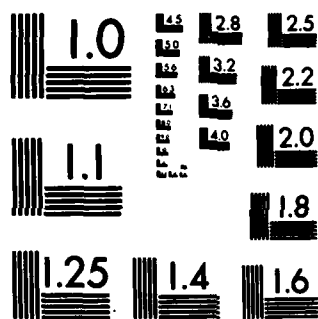
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with the fact that most financial decisions do not require complete accuracy, render the reports to be historical documents rather than the management tools envisioned by the system. Since most managers are concerned with their obligational level, these memorandum accounts provide the information needed to make decisions. Manually reworked computer reports have been developed in order to provide additional information for the stations because the users are (for reasons explained above) not receiving the information they need in the reports obtained from the formal system. In some cases, this information is available from the system in another report.

2. The stations do not generally appear to know which formal reports could be used to meet their needs. The information and correct reports to assist the stations in effectively accounting for their financial position should be provided by a local expert at the AAA. The AAA personnel are knowledgeable concerning the reports which they frequently use, but their knowledge of the other reports available from the system appears to be inadequate.

3. The stations do not appear to concern themselves at all with the accrual accounting aspects of the RMS system. None of the six stations examined appeared to utilize or be knowledgeable of the accrual accounting (expense accounting) area. No memorandum records were observed at any of the stations which concerned themselves with expenses as opposed to obligations.

C. RECOMMENDATIONS

Based upon the above conclusions and observations throughout this thesis, the following recommendations are offered.

1. RMS and UMR reports should be made available to the user stations on a considerably more timely basis. This would help support perceptions of the validity and usefulness of the reports. The lateness of the reports makes them less useful for making management decisions and any increase in frequency could only help the manager perform his job.

2. Additional, simplified, RMS and/or UMR reports should be designed to better suit the needs of the stations. With time constraints placed on the station personnel, they are too busy to look for the information contained in the reports and want the information presented in an easily understood format. Several stations were restructuring reports into a less complex format to assist the managers. The present reports are useful tools and their formats provide for good historical documents but the reports are perceived as far too detailed to be useful as internal station management reports.

3. RMS stations and AAA's should be provided with substantial additional training and training aids on the system. An analysis of the station's personnel showed a low level of understanding concerning the information which

is available from the RMS and UMR reporting systems. One recommendation to assist in the education would be the dissemination of a manual for RMS reports similar to the thesis work performed by Douglas Brant, LCDR MC, USN. His thesis, which is a user's manual, for RMS and UMR reporting, would be an excellent low cost way to educate the stations as to the reports available from the system. Another recommendation would be to establish a team which on a one time basis would educate and instruct the various commands on the system's use. Starting with the major claimant, the team could analyze the level of information required by the claimant from subordinate commands. When complete, the team could proceed to the various responsibility centers under the claimant, informed as to what the claimant was looking for. When the needs of the station and claimant were combined, the most favorable and beneficial reports available from the system could be determined. These reports could be produced and instruction based on these reports could be given. It would be difficult to obtain full cooperation of the stations and claimants during the implementation of this program without high level command emphasis to see the program through. To keep the stations current with respect to the reports available from the system, the stations would send personnel to the claimants for training. With the training conducted at the claimants, the standardization between units of the same claimant would be increased. This

would provide a good basis to standardize O&M,N reporting Navy wide which raises a topic for future thesis work to answer the question, "Should O&M,N reporting be standardized?"

This thesis has attempted to look at the RMS reporting system and how the formal system is in use at naval stations. The informal system of memorandum records and special reports were investigated to see if the formal system is providing for the user's needs. The conclusions have shown that the RMS reporting system does not meet all of the users needs because of time delays and educational shortcomings. Some, but not all of the time delays will be corrected when IDA is implemented. However, the educational effort must be maintained constantly if the RMS system is to be used in the most effective manner.

APPENDIX A

RMS AND UMR REPORTS

This appendix presents a summary of RMS and UMR reports. The material in this appendix is derived from a draft Master's Thesis written by Lieutenant Commander Douglas E. Brandt, MSC USN. The material, edited from Brandt's thesis, attempts to present an overview of the material contained in the financial reports. Brandt's thesis should be referred to if a more detailed description of the Resource Management System or the Uniform Management System is desired.

A. RMS REPORTS

RMS reports provide information in a variety of ways. There are financial reports for appropriation allocation records and also functional category and expense element reports. These reports can be used at various levels of management for differing reasons such as the tracking of obligation rates, workload and performance and the amount of unobligated expense authority left in an appropriation. The reports discussed in this section include the Trial Balance (NAVCOMPT Form 2199), the activity group (AG), subactivity group (SAG), functional code (FC), subfunctional code (SFC), Expense Element (EE) report (NAVCOMPT Form 2171), the Authorization Report 2168-1, and the NAVCOMPT 2168 and 2169 (Expense Operating Report and Performance Statement, respectively). The later two reports, 2168 and 2169, are used by

Navy activities to assist in the explanation of the other reports. These reports represent the formal accounting system as it is currently used at some Navy stations.

1. NAVCOMPT 2168

The NC (NAVCOMPT) 2168, the Operating Budget/Expense Report, is prepared in two levels of detail, one is for the cost center and the other is for the responsibility center which summarizes the cost centers within the command. This report provides details on work units completed, manhours expended and accrued expenses accumulated to date by cost center and responsibility center. This is a position report which shows the results of operations and their expenses for the reporting period. This report is compiled by AG/SAG, F/SFC, and CAC within each cost and responsibility center. This report is prepared in the same format as the budget submission and is used at higher echelons to compare the actual performance with the budgeted figures. The NAVCOMPT 2168 provides details as to work units accomplished, manhours and accrued expenses (year-to-date) by AD/SAG, F/SFC, and CAC.

The heading of the report provides information about the command and appropriation data. The columns contain SAG, F/SFC, CAC, work units, military manhours, civilian manhours, military services (expenses), civilian labor expenses, material and supplies expense, commercial contracts expense, other expenses, and total expenses. Vertically the report displays the following: a total of expenses by CAC within

each F/SFC, a total by F/SFC within each SAG, a total for each SAG, a total for all direct and reimbursable expenses (separately), and a grand total of all expenses.

2. NAVCOMPT 2169

The NC 2169 (Performance Report) is a period report showing the results of that period's operations. The report is prepared monthly for each cost and responsibility center. The accrued expenses incurred and work units completed in each of the activity's cost centers are shown by AG/SAG, F/SFC, and CAC and compared to the budgeted amounts for each item. The actual expenses and work units come from the local job order system and are compared to the approved budgeted amounts for each item. This report can be very useful at the cost center or total activity level. It provides on one report a comparison of actual performance to the approved budget on a cumulative monthly basis. This report is forwarded to the major claimant and other offices as directed.

The NAVCOMPT 2169 reports actual year-to-date expenses and work units and compares them to the approved budget. The heading of the report is nearly the same as the NAVCOMPT 2168. The horizontal alignment has columns for AG/SAG, F/SFC, CAC, total expenses for each AG/SAG, F/SFC, and CAC, annual budgeted expenses, percentage of actual to planned expenses, work units, actual, planned, and percent of actual to planned, and actual and standard unit costs. The vertical alignment is the same as the NAVCOMPT 2168.

3. NAVCOMPT 2168-1

The NAVCOMPT Form 2168-1 is used to deliver the new obligational authority for the individual activities. The operating budget is sent by the fund administrators who place certain statutory limits around the funds, including those constraints imposed by law.

New obligational authority is shown on the 2168-1. This establishes the limit of spending authority assigned to the facility. Exceeding this limit will result in a violation of Section 3679, R.S.

Appropriations cannot be moved or changed from their intended use without the approval of higher authority. The funds must be applied towards the objectives designated failure to utilize the funds to their proper end will result in a violation of Section 3678, R.S.

Limits or fences are also imposed by the claimant detailing the amounts of money that must be spent or establishing an upper limit on the maximum amount that can be spent. A "floor" may be established for the amount of money that must be spent. A typical example of a floor is the maintenance of real property (MRP) accounting. MRP shows a stated amount which must be spent to repair and maintain the real property on the facility. Failure to meet this floor can result in a violation of R.S. 3678/3679 if the 2168-1 specified that the limit was subject to the law. Additional limitations and targets can be imposed by the claimant in

terms of specific amounts not to be exceeded for a specific cost item such as travel. While such limitations may not carry the force of law, they are viewed with respect by the claimants.

4. NAVCOMPT 2171

The NC 2171 (AG/SAG, F/SFC, EE report) is a period report prepared monthly. Data are presented in terms of gross adjusted obligations and expenses for showing AG/SAG, F/SFC, and EE within each appropriation. This report shows the flow from obligations to expenses for both the current period and fiscal year-to-date.

The NAVCOMPT 2171 (AG/SAG, F/SFC, EE report) provides detailed input (on expenses and obligations), to the claimant for input to the Navy's overall management system at the NAVCOMPT/Claimant level. The report provides accrued expenses and gross adjusted obligations for the current month and year to date. The report is prepared for each expense operating budget (EOB) and each program element within each EOB. The report format shows a five digit AG/SAG, F/SFC, EE code in which the first two digits are the AG/SAG, the next two are the F/SFC and the last is the EE. Expenses are reported as follows: by the five digit code followed by a subtotal to the SAG, F/SFC level (the first 4 digits), next by the four digit SAG, FC, EE structure with a subtotal by SAG/FC. This is followed by the three digit entries, SAG/EE subtotaled at the SAG level and a grand total. These entries

are prepared for each AG/SAG within the responsibility center to compile the grand total.

5. NAVCOMPT 2199

The NC 2199 (Trial Balance report) presents the financial status of all funds available under the operating budget. This report which is provided to the activity and major claimant (by the AAA) presents the status of all funds (direct and reimbursable) by fiscal year received by the O&M,N activity on the resource authorization and on reimbursable orders. This is a position report which shows the command's financial status at a given point in time. The net change in the financial data in the report is used by the AAA to post to the activity control ledgers. This report can be used to monitor such areas as undistributed disbursements and to track the 3 fiscal years (the current year plus the two previous), for obligation rate information.

The Trial Balance (NAVCOMPT 2199) provides monthly status of all funds available under the EOB. The heading contains information on the command, appropriation, and other pertinent information. The report lists summary and detail general ledger accounts grouped by assets, liabilities, income, investments, expenses, and memorandum/budgetary accounts. The columns of the report contain entries as follows: balances from prior month, balances current month, changes for the period, and total. The total is a grand total of all detail accounts except the statistical series.

B. THE UMR REPORTS

The UMR system initiated in 1977, consists of up to seven different reports which may be prepared by the AAA to be used for management control by an activity. This system when initiated was

...to provide in one report a comparison of actual and planned management data in terms of expenses and gross adjusted obligations, reflect unique management data needs, when feasible, and include reporting requirements currently satisfied outside of the official management reporting system. [6]

This system was designed with the capability to produce optional reports including the following:

- 1) combine data contained in the NAVCOMPT Forms 2168 and 2169 into one report;
- 2) combine data contained in the NAVCOMPT Forms 2168, 2169 and 2171 in one report;
- 3) display management information not available on the NC 2168 and 2169 (e.g., obligations, production rates, man-month/year conversions, planned workload, productive effectiveness, quarter and semi-annual summaries, leave data and prior year data at the cost account level);
- 4) a display of data by month on a single page for each cost account with quarterly, semi-annual and annual totals to provide information in a readily usable format which eliminates the need to refer to two or more reports and to transcribe data to worksheets to obtain required information;

5) eliminate the need to maintain manual records to record work units and expenses by cost account on a monthly basis since all months in the current year are visually displayed for each cost account in the report;

6) certain formats (UMR Formats A and B), display data by month for the entire year on one page, consequently only the current monthly report needs to be saved, leading to long term savings in filing and storage space for reports;

7) the system has the ability to retroactively correct the prior month's data in UMR Format A or B to reflect actual performance for that month.

The UMR system has two parts, a funds control status reporting system which is a 'bank statement' for obligation control and a performance reporting system which provides functional expense information by cost account. The system was designed for the AAA's to meet activity needs. Some AAA's cannot or do not provide a full range of reports to user activities. The user activity is to have the choice of report formats it receives.

1. Funds Control Report

The funds control status report is used to introduce the authorization, annual obligation plan, for labor and non-labor, at the lowest management level. This report displays commitments, obligations, expenditures, the unobligated balance and presents the 'obligation as a percent of plan.' This report can be produced in three formats. These formats are:

a) Detail Transaction Listing (Direct and Reimbursable):

This report reflects all transaction inputs for an activity which have a bearing on funds control. This provides information needed to research individual transactions, identify errors or unrecorded charges and to reconcile records.

b) Responsibility Center: This report is by department, division or cost center. It is a summary total report providing cost center managers with detail on authorizations, gross obligations, annual obligation plan, and obligations as a percent of plan.

c) The Commanding Officer's Summary: This report provides the commanding officer with the status of funds at any given time including such information as total authorizations (beginning of period and changes during the period), gross obligations to date, unobligated balance, unfilled orders, net available, annual obligation plan, and obligations as a percent of plan. The report consolidates the responsibility center report to one page. These funds control reports reflect a great deal of what was displayed in the NC 2171. They are designed to be more compact, understandable and present the information from two reports (NAVCOMPT 2168 and 2171) in a single report.

The funds control status reports provide a means to monitor commitments, obligations, and expenditures within the activity. This monitoring ability is available at various levels within the command, cost center, department, and the command as a whole. These reports also provide the means to

trace individual documents (transactions) to their source. The reports give the status of any changes to authorized funds or OPTARS. OPTARS can be easily monitored at higher levels within the command for control purposes. For instance, the Commanding Officer's Summary is a potential tool to monitor total obligations to avoid 3679 R.S. violations and compares actual obligations against the plan on a summary basis.

All reports show the EOB holder, appropriation, and authorization number. At the department/division level the detail transaction listing report shows the LMCs as applicable and indicates whether the funds are direct or reimbursable. The columns (vertical alignment) in the report show document number, job order number (JON), (encoded data which reflects the location of spending together with the AG/SAG, F/SFC, CAC), quantity and labor hours, unfilled requisitions and orders, accounts payable, expenditures and obligations. The percent of actual obligations to the plan, amount authorized, and unobligated balance is also provided. The rows (horizontal alignment) give beginning balances in material, labor and other, current transactions (by document number), labor charges and ending balances in the labor, material and other.

At the responsibility center level the report comes in two segments, one for each department and one that summarizes the departments in the responsibility center. Both reports have the same format. Authorizations (beginning,

changes, and total-to-date), gross obligations (current and year-to-date), unobligated balance, annual obligations plan, obligations as a percent of plan, unfilled requisitions and unreserved balance are presented as column headings. The rows of the report show total labor costs, total material and other costs, a grand total and the amount of undistributed disbursements. In the department report these amounts are presented by individual departments.

2. Commanding Officer's Summary

The Commanding Officer's Summary report provides columns for new obligational authority (NOA) and reimbursable dollars broken out by labor, material and other amounts and a total of these. The vertical format shows beginning authorizations and authorizations-to-date. Gross obligations, unobligated balance, unfilled requisitions, and net available amounts are presented along with the annual plan; obligations as a percent of plan and reimbursables information provide the Commanding Officer the information needed for funds and management control.

3. Performance Reports

The performance reports are in four formats lettered A, B, C, and D. The objectives of these reports were to consolidate the NC 2168 and 2169 into one report which gives a comparison of actual and planned management data in terms of expenses and gross adjusted obligations. These reports also reflect unique management data needs, and, where

feasible, include reporting requirements that are currently satisfied outside the official management reporting system. A brief description of the four UMR formats follows.

a. Format A

The UMR-A report gives information on production, military and civilian labor, gross adjusted obligations, staffing, undelivered orders, consignments, and prior year expense information. The UMR-A is produced for each cost center, department or division by CAC and summary cost account. A summary cost account is a higher level account into which individual CACs are totaled. The cost center, department and division reports are summarized at the SAG and F/SFC level. The report is prepared for the activity with summaries in the AG/SAG, F/SFC. An overall summary page is also prepared for the activity covering both total and reimbursable funds. The benefit to the user command of this report is in financial control of the OPTAR or OPTARS at higher levels in the organization. The report can be used in budget formulation with the historical data on costs, outputs, reimbursables and staffing. This report also measures performance (actual against planned) and productivity ratios for comparison between periods. The report provides the capability to monitor expense targets (e.g., Maintenance of Real Property, Travel, ADP), and Section 3 of the report monitors gross obligations to track against obligational authority. Using the report, trends in production, expenses,

and backlogs can be identified along with variances in the performance indicators based upon actual production.

The report presents information on the command, appropriation, period covered, EOB number, AG/SAG, F/SFC, CAC, and EE. Whether the funding is direct or reimbursable is presented in the heading. The report has three sections: Section One has work unit information (average, backlog, and production rate) manhours used, fixed hours (a ratio of actual to predetermined standard hours allowed), and a productivity ratio. Civilian labor (both regular and overtime), military labor, contract labor and a labor total are given with a labor variance. Section Two presents expenses for labor (civilian, military, and contract), material expenses, and total expenses. Undelivered orders, unit costs, leave data and total staffing are also presented in Section Two. The vertical alignment of Sections One and Two present the above data by month, quarter, and year-to-date, with the annual planning figures for use in management control.

Section Three of this report has columns for data on gross obligations, unfilled orders (the current balance of unfilled requisitions), and prior year expenses (current period and year-to-date).

b. Format B

The UMR-B is very similar to UMR Format A, only reduced in scope for smaller activities. Format B does not have as much production rate information as Format A and

therefore limits the ability to do variance analysis. With the exception of variance analysis, Format B has the same potential benefits to the user of Format A. It covers work units, labor and gross adjusted obligations, and also undelivered orders, consignments, and prior year expense information. It provides summaries of the above information and gives an overall summary for the activity.

The UMR-B can be produced in one of three formats:

- 1) with detail visibility to the CAC level with a summary at the summary cost account level, F/SFC, AG/SAG and activity level;
- 2) with detail at the CAC and summary CAC within departments and a summary at the F/SFC, department, and activity level;
- 3) with detail visibility to the CAC and summary CAC level within local management codes (LMC) within the F/SFC, department, and activity level.

This report can also be prepared by budget line item (selected by the RMS activity). Section One contains columns with information on actual and planned work units, the percent of actual to planned work units, F/SFC, department, CAC, AG/SAG and the total/reimbursable funds. Section Two has columns with the actual, planned, and percentage of work units, civilian (regular and overtime), military, and contract manhours. Columns in Section Three of the report give the expenses for civilian, military and commercial contract labor. Material and other expenses, undelivered orders, and unit costs are also presented. Sections One and Two give monthly, quarterly,

and annual (year-to-date) entries for each column. Section Three is the same as in Format A.

c. Format C

The UMR-C combines the NAVCOMPT Forms 2168, 2169 and 2171. It provides cumulative year-to-date expenses, undelivered orders, and gross adjusted obligations by CAC and EE. It is a monthly report for cost centers and the responsibility center. It provides cumulative fiscal year-to-date figures for manhours, work units planned and completed, work unit cost and consignments at the cost account level. It provides actual and planned expenses, prior year resources used, undelivered orders, and fiscal year-to-date gross adjusted obligations at the CAC/EE level. It provides a separate report for each cost center with the above information on direct and reimbursable programs. Expenses are accumulated year-to-date by F/SFC within AG/SAG categories. There is a summary report for the responsibility center of all cost center data with two parts, direct and reimbursable.

The cost and obligation data in this report can be useful for financial control with its presentation of expenses and obligations by CAC and EE. The historical data in the report also has uses in budget formulation. The report compares actual performance to plans, monitors expenses and obligations by targets, and tracks total obligations for those authorizations subject to Section 3679 R.S.

Format C has three sections, cost center, responsibility center, and a recapitulation report for the

responsibility center. The heading of the report is similar to that of Formats A and B.

The column alignment for the cost and responsibility center sections contains entries covering AG/SAG, F/SFC, CAC, consignments, EE, fiscal year-to-date work units, work unit costs, planned and actual expenses, prior year expenses, undelivered orders and fiscal year-to-date gross adjusted obligations. The vertical alignment in the cost center report gives totals by EE, CAC (all EEs within each CAC) and by F/SFC by EE. A total figure for each AG/SAG and each EE and a grand total expense figure for each cost center is provided. The responsibility center report has expenses given by F/SFC, by CAC, by EE, by CAC, by F/SFC by EE, by F/SFC grand total and by AG/SAG grand total.

The recapitulation report has the same heading as the two previous reports. The columns have AG/SAG, FC, SFC, EE and consignment entries. Vertically the data is summarized by AG/SAG, FC, SFC, and EE. The EEs are summarized at the FC, SFC, AG/SAG, and responsibility center levels.

d. Format D

The UMR-D is a consolidation of the NC 2168 and 2169 and presents the same data. It is a two-part report, the Operating Budget/Expense Report and the Performance Statement. The Operating Budget/Expense Report (NC 2168) displays detailed data on work units completed, military/civilian manhours, and accrued expenses, material and

supplies, commercial contracts and other expenses. These are given by CAC and then are displayed by F/SFC and CAC for both direct and reimbursable programs. A total is shown for each CAC within each F/SFC and SAG. Prior year expenses, unfilled orders and consignments are shown at the SFC level (at the bottom of the report).

The Performance Statement (NC 2169) is Part Two of Format D. It follows the same format as the EOB report above including a display of actual work units compared to plan, and accrued expenses compared to plan with a percent indicator of actual performance to the plan. This report presents accurate, up-to-date financial and performance data on a cumulative basis with no additional input requirements on the receiving command, assuming the command was meeting the reporting requirements prior to implementation of the UMR system.

UMR-D is of use in the areas of financial management control, budget formulation, performance measurement, and expense and obligation monitoring. The report is of value in these areas because of its presentation of expenses, work units, labor (hours and dollars), by CAC, FC, and AG/SAG. The heading for the report has the same information as the other UMR reports. The EOB section has columns with categories by AG/SAG, F/SFC, CAC, work units, military and civilian manhours, military and civilian labor expenses, material, other, commercial contract and total expenses.

The report vertically totals expenses by AG/SAG, F/SFC, and CAC for each cost center. Total expenses are reported by direct and reimbursable categories for each cost and responsibility center.

The Performance Statement has columns for AG/SAG, F/SFC, CAC, total expenses, annual budget expenses, percentage of actual to plan, work units (actual, planned and percent of actual to plan), actual budgeted and standard costs, and backlog. The vertical alignment of this section is the same as the EOB report with the exception of undelivered orders and prior year expenses which are not shown in the performance statement.

This overview of the reports was provided to acquaint the user with a brief description of the information available in the system.

C. REPORT COMPARISON

This section describes how the reports relate to one another, identifies where information can be found in the various reports and locates that same information in the other reports. The reports produced by RMS and the UMR provide information on the expenses, obligations, and productivity of a responsibility or cost center. The same information in these can often be found in more than one of the reports. The only report that may be an exception to the previous statement is the Trial Balance (NC 2199). This is because it is a balance sheet showing the command's position whereas

the other reports show activity for the period much like an income statement in the private sector.

The NC 2168 displays manhours and expenses for AG, SAGs, F/SFCs, and CACs. The total expense information is displayed in Column 12 for each CAC within each SFC and SAG. These totals can also be found in Column 4 of the NC 2169 and the expenses columns of the NC 2171 (which has both current period and year-to-date figures). The UMR A and B reports also display expense information in Section Two of each report; UMR reports C and D show the expense data in Column 12. Formats A and B have the expenses by monthly totals; C and D break them out by SAG, F/SFC, EE, and CAC. The NAVCOMPT 2171 is the only NAVCOMPT report which displays the EE; it also shows the SAG and the F/SFC (e.g., Total expenses of \$313,856 appear in the following reports, NC 2171, the UMR A, B, C and D. Total obligations of \$368,391 appear in the NC 2171, the UMR A, B, and C. Total NOA of \$512,000 appears in the NC 2199 and the Commanding Officers Summary. If complete reports were used instead of portions of reports, the total expense figures would also appear in the NC 2168, 2169 and 2199).

Gross adjusted obligations appear in the NC 2171 for the current period and year-to-date. These same figures appear in Column 15 of the UMR-C and Section Three of the UMR A and B. These are the only reports which give visibility to the amount of obligations. These obligations are shown with the expenses for the same area of interest (e.g., SAG, EE).

Information on manhours appears in Columns 5 and 6 of the NC 2168 and in Section One of the UMR A and B, and in the UMR-D in Column 6. Production rate information is found in the UMR A and B in Section One, it shows manhours and work units to provide management the ability to monitor productivity.

The NC 2168 also allows the summation of expenses by civilian labor (Column 8), material and supplies (Column 9), and commercial contracts (Column 10) when these columns are totaled. The UMR A and B have this same information broken down by month (in Section Two).

The NC 2199 shows the status of funds authorized or received by a responsibility center. This report is generated from the general ledger accounts. The total assets shown in this report represent the amount of funds a commanding officer has to work with in a fiscal year. Taking the total gross adjusted obligations from the NC 2171 or the UMR reports and subtracting it from the total assets figure will give the amount funds remaining for the fiscal year.

By following from one report to another, expense and obligation data can be obtained in a variety of formats. Totals can be obtained by EE, F/SFC, AG, SAG, or CAC if the reports are used appropriately.

THE

NOVEL ZINCOMALTY DENDROGRAM

[illegible]

- (1) OF THE ABOVE AMOUNT, \$1,300,000. IS AVAILABLE ONLY FOR MILITARY PERSONNEL COPIED AT STANDARD RATE.
- (2) OF THE ABOVE AMOUNT, \$3,450,000. IS EQUAL TO MIA UNDER OATH AND IS SUBJECT TO S. S. 3679, BUT MAY BE INCREASED BY THE AMOUNT OF INDEMNIFIABLE GROSSSES RECEIVED.
- (3) NOT LESS THAN \$200,000.00 OF THE MIA AMOUNT IS AVAILABLE FOR MAINTENANCE OF REAL PROPERTY AND FACILITIES.
- (4) ENCLOSED IN THE AMOUNT FOR MIA IS \$179,000 (INCLUDING MILITARY PERSONNEL) FOR DISPOSAL FACILITIES.

COMBAT AND BUD (DD- 5-65) (Rev)

2168

OPERATING BUDGET/EXPENSE REPORT

CONTROL 1771004.3330 30 September 1976 J. S. Jones, CDR, USN		COMBATING OFFICE 1771004.3330 30 September 1976 J. S. Jones, CDR, USN		OPERATING BUDGET/EXPENSE REPORT 30 September 1976 J. S. Jones, CDR, USN	
CLASS 1010 1020 1030 1040 1050 1060 1070 1080 1090 1100 1110 1120 1130 1140 1150 1160 1170 1180 1190 1200 1210 1220 1230 1240 1250 1260 1270 1280 1290 1300 1310 1320 1330 1340 1350 1360 1370 1380 1390 1400 1410 1420 1430 1440 1450 1460 1470 1480 1490 1500 1510 1520 1530 1540 1550 1560 1570 1580 1590 1600 1610 1620 1630 1640 1650 1660 1670 1680 1690 1700 1710 1720 1730 1740 1750 1760 1770 1780 1790 1800 1810 1820 1830 1840 1850 1860 1870 1880 1890 1900 1910 1920 1930 1940 1950 1960 1970 1980 1990 2000 2010 2020 2030 2040 2050 2060 2070 2080 2090 2100 2110 2120 2130 2140 2150 2160 2170 2180 2190 2200 2210 2220 2230 2240 2250 2260 2270 2280 2290 2300 2310 2320 2330 2340 2350 2360 2370 2380 2390 2400 2410 2420 2430 2440 2450 2460 2470 2480 2490 2500 2510 2520 2530 2540 2550 2560 2570 2580 2590 2600 2610 2620 2630 2640 2650 2660 2670 2680 2690 2700 2710 2720 2730 2740 2750 2760 2770 2780 2790 2800 2810 2820 2830 2840 2850 2860 2870 2880 2890 2900 2910 2920 2930 2940 2950 2960 2970 2980 2990 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5000 5010 5020 5030 5040 5050 5060 5070 5080 5090 5100 5110 5120 5130 5140 5150 5160 5170 5180 5190 5200 5210 5220 5230 5240 5250 5260 5270 5280 5290 5300 5310 5320 5330 5340 5350 5360 5370 5380 5390 5400 5410 5420 5430 5440 5450 5460 5470 5480 5490 5500 5510 5520 5530 5540 5550 5560 5570 5580 5590 5600 5610 5620 5630 5640 5650 5660 5670 5680 5690 5700 5710 5720 5730 5740 5750 5760 5770 5780 5790 5800 5810 5820 5830 5840 5850 5860 5870 5880 5890 5900 5910 5920 5930 5940 5950 5960 5970 5980 5990 6000 6010 6020 6030 6040 6050 6060 6070 6080 6090 6100 6110 6120 6130 6140 6150 6160 6170 6180 6190 6200 6210 6220 6230 6240 6250 6260 6270 6280 6290 6300 6310 6320 6330 6340 6350 6360 6370 6380 6390 6400 6410 6420 6430 6440 6450 6460 6470 6480 6490 6500 6510 6520 6530 6540 6550 6560 6570 6580 6590 6600 6610 6620 6630 6640 6650 6660 6670 6680 6690 6700 6710 6720 6730 6740 6750 6760 6770 6780 6790 6800 6810 6820 6830 6840 6850 6860 6870 6880 6890 6900 6910 6920 6930 6940 6950 6960 6970 6980 6990 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1980 1990 2000 2010 2020 2030 2040 2050 2060 2070 2080 2090 2100 2110 2120 2130 2140 2150 2160 2170 2180 2190 2200 2210 2220 2230 2240 2250 2260 2270 2280 2290 2300 2310 2320 2330 2340 2350 2360 2370 2380 2390 2400 2410 2420 2430 2440 2450 2460 2470 2480 2490 2500 2510 2520 2530 2540 2550 2560 2570 2580 2590 2600 2610 2620 2630 2640 2650 2660 2670 2680 2690 2700 2710 2720 2730 2740 2750 2760 2770 2780 2790 2800 2810 2820 2830 2840 2850 2860 2870 2880 2890 2900 2910 2920 2930 2940 2950 2960 2970 2980 2990 3000 3010 3020 3030 3040 3050 3060 3070 3080 3090 3100 3110 3120 3130 3140 3150 3160 3170 3180 3190 3200 3210 3220 3230 3240 3250 3260 3270 3280 3290 3300 3310 3320 3330 3340 3350 3360 3370 3380 3390 3400 3410 3420 3430 3440 3450 3460 3470 3480 3490 3500 3510 3520 3530 3540 3550 3560 3570 3580 3590 3600 3610 3620 3630 3640 3650 3660 3670 3680 3690 3700 3710 3720 3730 3740 3750 3760 3770 3780 3790 3800 3810 3820 3830 3840 3850 3860 3870 3880 3890 3900 3910 3920 3930 3940 3950 3960 3970 3980 3990 4000 4010 4020 4030 4040 4050 4060 4070 4080 4090 4100 4110 4120 4130 4140 4150 4160 4170 4180 4190 4200 4210 4220 4230 4240 4250 4260 4270 4280 4290 4300 4310 4320 4330 4340 4350 4360 4370 4380 4390 4400 4410 4420 4430 4440 4450 4460 4470 4480 4490 4500 4510 4520 4530 4540 4550 4560 4570 4580 4590 4600 4610 4620 4630 4640 4650 4660 4670 4680 4690 4700 4710 4720 4730 4740 4750 4760 4770 4780 4790 4800 4810 4820 4830 4840 4850 4860 4870 4880 4890 4900 4910 4920 4930 4940 4950 4960 4970 4980 4990 5000 5010 5020 5030 5040 5050 5060 5070 5080 5090 5100 5110 5120 5130 5140 5150 5160 5170 5180 5190 5200 5210 5220 5230 5240 5250 5260 5270 5280 5290 5300 5310 				

APPROPRIATION DATA 1711804.1190	FOR PERIOD ENDED 31 October 1980	OR IDENTIFICATION: 62844
FROM Naval Photographic Center Washington, D.C. UTC 62844	TO: Chief of Naval Operations Washington, D.C. UTC 00011	OR APPROVED FOR: 62844
		CHARGEABLE UNIT IDENTIFICATION CODE

CODE	EXPENSES		GROSS ADJUSTED OBLIGATIONS	
	CURRENT MONTH	F.Y.T.D.	CURRENT MONTH	F.Y.T.D.
FFDIA *	10,000	10,000		
FFDIQ *			10,200	10,200
FFDIT *	2,925	2,925	2,325	2,325
FFDIU *	23,200	23,200	23,200	23,200
FFDI SUBTOTAL	36,125	36,125	35,725	35,725
FFDZT *	250	250	350	350
FFDZU *	300	300	300	300
FFDZ SUBTOTAL	550	550	650	650
FFD A	10,000	10,000		
FFD Q			10,200	10,200
FFD T	3,175	3,175	2,675	2,675
FFD U	23,500	23,500	23,500	23,500
FFD SUBTOTAL	36,675	36,675	36,375	36,375
FF A	10,000	10,000		
FF Q			10,200	10,200
FF T	3,175	3,175	2,675	2,675
FF U	23,500	23,500	23,500	23,500
FF TOTAL	36,675	36,675	36,375	36,375
FAMIT *	1,500	1,500	1,500	1,500
FAMIU *	500	500	500	500
FAMI SUBTOTAL	2,000	2,000	2,000	2,000
FAM T	1,500	1,500	1,500	1,500
FAM U	500	500	500	500
FAM SUBTOTAL	2,000	2,000	2,000	2,000
FA T	1,500	1,500	1,500	1,500
FA U	500	500	500	500
FA TOTAL	2,000	2,000	2,000	2,000
GRAND TOTAL	38,675	38,675	38,375	38,375

NOTES: 1) For the month of October the use of the fiscal-year-to-date column only is permitted.

2) Items asterisked (*) represent the level of detail to be included in Register 10 cards submitted by mechanized authorization accounting activities.

Functional Category/Expense Element Report.

667-908-2199

123

TRIAL BALANCE REPORT

(continued from page 17)

[illegible]

FROM: SAC CHARLESTON SC
CIC 00412

TO: CDR HAYNES 0113
ADMINISTRATIVE VA
CIC 00023

(S) COST CENTER

APPROPRIATION:
1571004.1170

PERIOD ENDING: 31 MAR 1970

ON ORDER: SAC CHARLESTON SC
CIC 00412

ON ORDER: CDR HAYNES
ADMINISTRATIVE SC
CIC 00023

(I) RESPONSIBILITY
CENTER

DIRECT & REIMBURSABLE

COST CENTER: SUPPLY DEPT

NO - 2A
FO - 25
NO - 25 SUPPLY
OPERATIONS
CO - 2122 GOLA ISSUE

Section 1

Section 2

I certify that the total expenses in this report reconcile with MINICERT Form 2100 and 2171 reports in accordance with paragraph 601.5b.(6) of LARSP 9-2036-1, and that adjustments appended in the

FROM: HEADQUARTERS WASH: 1123 SEC 43171	TO: CDR SAVOY ALABAMA SEC 0043	(1) COST CENTER () RESPONSIBILITY CENTER	APPROPRIATION: 44-100-0000-1110 171000-1174
CC HOLDER: NAVAL PETROLEUM OFFICE ALABAMA SEC 0043	CC GRANTEE: CDR SAVOY ALABAMA SEC 0043	SEC - 44 FC - 45 SUPPLY OPERATIONS GR - 46 CASE OF MATERIAL IN STORAGE	DIRECT & REVERSABLE COST CENTER: STORAGE DIVISION - 31

1

1

1

0-10

Enclosure (3). Attached

FROM: WFO WASHDC FL 000 45926	TO: WFO WASHDC FL 000 45930	(2) GOVT CENTER	APPROPRIATION: 1771004.6304	000000 ENDING: 21 MAR 1977
CC WASHDC: WFO WASHDC FL 000 45930	CC CHANSON: CUFF HAS (000000-77) WILLIAMSON TO WFO 45933	() RESPONSIBILITY CENTER	GOVT CENTER: CIVILIAN PER- SONNEL OFFICE	REPORTING DATE: 28 APR 1977
		(2) DIRECT		REPORTING OFFICER:
		() DISMEMBERABLE		

AGE	PC	C/A	DESCRIPTION	CONVULSION- REPTED	YTD ACT NO. HRS	PLANNED ANNUAL HRS	YTD ACT NO. CENTS	YTD LST CENT	PLANNED ANNUAL CEN	YTD LAPSE- TIME	PLANNED RE EXPENSE	UNDELIVERED CEN	CROSS A-2 000155
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
95	26	1010	ADMINISTRATIVE		0				1030	1070			1070
95	26	1010			0				1030	2071			2071
95	26	1200			0				434	501			501
95	26	1000			0	2040			2030	21205			21211
95	26	1010			0				200	120	13		120
95	26	1010	CERT. ACCIDENT TOTAL	1040	2040	2100	2211	22,000	20071	20665	13		20663
95	26	1020	REPLACEMENT		0				1000				
95	26	1020			0				1000	1000	1000		100
95	26	1020			0				1000	2000	2000		200
95	26	1020			0	10000			10000	10000			10000
95	26	1020			0				1000	2000	1	2	2000
95	26	1020	CERT. ACCIDENT TOTAL	10400	20400	20000	2111	20,000	21200	20600	2141	2	20600
95	26		P/INC Sp. S/S TOTAL		0				7230	1070			1070
95	26				0				1000	1000	1000		
95	26				0				1000	1000	1000		1000
95	26				0				1000	1000	1000		1000
95	26				0	20,000			170,000	100,000	1,100	2	100,000
95	26				0				1,000	5,110	14	2	5,110
95	26				0	20,000			100,000	200,000	5,100	2	200,000
95	26		P/INC TOTAL	10000	20,000				100,000	200,000	5,100	2	200,000
95	26		CCE TOTAL	10000	20,000				100,000	200,000	5,100	2	200,000
95	26		EXPENSE ELEMENT TOTAL		0				7,230	1,070			1,070
95	26				0				1,000	1,000	1,000		1,000
95	26				0				1,000	1,000	1,000		1,000
95	26				0				1,000	1,000	1,000		1,000
95	26				0	20,000			170,000	100,000	1,100	2	100,000
95	26				0				1,000	5,110	14	2	5,110
95	26				0	20,000			100,000	200,000	5,100	2	200,000
95	26		CERT. COSTS TOTAL	10000	20,000				100,000	200,000	5,100	2	200,000

FROM: STE CALLED FL USC 48020	TO: STE CALLED FL USC 48020	1. COST CENTER	APPROPRIATION: 1771004.6204	PERIOD ENDS: 31 MAR 1977
ON CALLED: STE CALLED FL USC 48030	ON CHARTER: CUFF HAS (MEMPHIS-77) WILLINGTON TO THE GILL	(2) RESPONSIBILITY CENTER	COST CENTER:	SUBMISSION DATE: 28 APR 1977
		(3) BLADY		REPORTING OFFICER
		4. AUTHORIZABLE		

[illegible]

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**FUND CONTROL REPORT
RESPONSIBILITY CENTER
TOTAL**

(rounded to nearest dollar)

GA/AUTH. NUMBER: MSC CHARLESTON 00612

APPR: 1771004.2372

AUTH. NO: XXXX

PERIOD ENDING: 30 APRIL 1977

	(1) BEGINNING OP PERIOD	(2) AUTHORIZATIONS CHANGES FOR PERIOD	(3) TOTAL TO DATE	(4) CROSS CBL CURRENT PERIOD	(5) FY TO DATE	(6) UNCL BAL	(7) ANNUAL CBL PLAN	(8) CBL TO PLAN	(9) UNFILLED REQS	(10) UNRES BAL
TOTAL LABOR - DIRECT	800		800	140	500	300	800	620		300
TOTAL MAT'L/OTHER - DIRECT	400		400	50	750	350	600	410	120	220
TOTAL DIRECT	1200		1200	190	1250	650	1400	1030	120	520
TOTAL LABOR - REIMG	400		400		300	100	400	750		100
TOTAL MAT'L/OTHER - REIMG	300		300		250	50	300	810	25	25
TOTAL REIMG	700		700		550	150	700	1560	25	125
GRAND TOTAL - LABOR	1200		1200	140	800	400	1200	640		400
GRAND TOTAL - MAT'L/OTHER	900		900	50	500	400	900	850	150	250
GRAND TOTAL	2100		2100	190	1300	800	2100	1490	150	650

UNDISTRIBUTED DISBURSEMENTS: \$11

FUND CONTROL REPORT, COMMANDING OFFICER SUMMARY

(rounded to nearest dollar)

CD/AUTH. NUMBER: HSC CHARLESTON 00412

APRN: 1771004.2372

AUTH. NO: LXII

PERIOD ENDING: 30 APRIL 1977

	(1) NOA		(2) REIMBURSEMENTS		(3)
	LABOR	MAT'L/OTHER	LABOR	MAT'L/OTHER	TOTAL
Total Authorization - Beginning of Period Changes for Period	800.	600.	400.	300.	2100.
Authorizations - To Date	800.	600.	400.	300.	2100.
Gross Obligations to Date	500.	250.	300.	250.	1300.
Unobligated Balance	300.	350.	100.	50.	800.
Unfilled Reams/Consignments		125.		25.	150.
Not Available	300.	225.	100.	25.	650.
Annual Obligation Plan	800.	600.	400.	300.	2100.
Obligation as a Percent of Plan	62%	41%	75%	83%	61%

Undistributed Disbursements (MOP)

11.

TOTAL REIMBURSEMENTS EARNED	500
REIMBURSEMENTS BILLED	400
REIMBURSEMENTS COLLECTED	50
REIMBURSEMENTS UNBILLED	100

* Represents a Request for Contractual Procurement,
NAVCOMPT Form - 2036

APPENDIX B

DEFINITIONS

The following definitions may assist the reader in understanding the financial terms used. These definitions have been taken from the Navy Comptroller's (NAVCOMPT) manuals and other official publications. Definitions which are still unclear should be referred to the NAVCOMPT Manual for further clarification.

Activity Group/Subactivity Group (AG/SAG): A structure signified by a two digit code which shows cost breakouts by principle functional area. The AG/SAGS represent an integrated programming, budgeting, and accounting classification structure. An AG represents a major function identified by a claimant/subclaimant in a budget submission and will aggregate to a decision package in the budget. A SAG represents a more detailed breakdown within the AG. The AG/SAG codes reflect primary breakouts of financial data for use in programming, budgeting, management and accounting for expenses and gross adjusted obligations in the O&MN appropriation. The AG is generally used only at the claimant/subclaimant level and above while the SAG is used at the responsibility center level and above. In other words the activity will normally manage to the SAG level rather than the AG level.

Antideficiency Act, Section 3678 R.S. (31 USC 628): This law requires that funds be spent only for the purpose for

which they were appropriated. For example, use of O&MN funds to procure investment (OPN) equipment violates Section 3678 R.S.

Antideficiency Act, Section 3679 R.S. (31 USC 665): The law which forbids anyone from obligating funds in excess of the amount authorized, provides for the reporting of and the punishment for such obligations, forbids any contract or obligation in advance of an appropriation, and requires the apportionment of appropriations.

Appropriation: A part of the appropriation act providing a specific amount of funds for specific purposes.

Authorization Accounting Activity (AAA): An activity or command designated by the Navy comptroller to perform accounting for another shore activity or itself.

Budget: A plan of operations for a fiscal period in terms of sources and uses of funds, workload anticipated and historical data for an activity.

Cost Account: Accounts established to classify transactions by cost according to the purpose of the transaction. Cost account codes are used to uniformly identify the contents in management reports throughout the Navy.

Cost Center: A subdivision of a responsibility center for which identification of costs is desired and is amenable to cost control through one responsible supervisor.

Expenditure: The actual payment of funds (a disbursement). A charge against available funds supported by an approved voucher, claim or document.

Expenses: The costs of operation and maintenance of activities.

Expense Element: Identifies the type of resource being consumed in the functional/subfunctional category or program element (e.g., 'A' Military Labor, 'T' Supplies, 'U' Civilian Labor).

Execution/Budget Execution: The operation and carrying out a program as contained in the approved budget.

Functional/Subfunctional Category (FC/SFC): A structure signified by codes which are designed to collect expense and gross adjusted obligation information by functional area needed by DOD. The first digit is the functional category (FC) and the second is the subfunctional category (SFC).

Local Management Code (LMC): A coding structure which provides local managers the ability to code and identify respective internal management levels, tasks and operations. An example of this would be a local code system that specifically identifies a cost center or area within a cost center such as dietetics operations within a hospital food service or a specific building on a military compound.

Obligation: A legal reservation of funds and the duty to make a future payment. This occurs when an order is placed or a contract is awarded for goods or services.

Responsibility Center: DOD defines this as "...an organizational unit headed by an officer or supervisor who is responsible for the management of resources in the unit, and

who in most instances can significantly influence the expenses incurred in the unit." [3,1-6]

Resources: Military and civilian personnel, material on hand and or on order, and the entitlement to procure or use material, utilities, and services required for the performance of the basic mission of the responsibility center and work performed for others.

Work Unit: A measure of output that expresses a volume of work; conversely manhours and dollars are measures of input required to produce work units or perform work.

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