DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CERM-B

05 DEC 1996

MEMORANDUM FOR Commanders and Directors, All USACE Commands

SUBJECT: Carryover S&A

1. Reference memorandum CERM-B, 23 October 1996, subject as above.

2. The purpose of this memorandum is to supplement the guidance furnished by referenced memorandum.

a. A copy of the 23 October correspondence was provided to the Office of the Secretary of Defense and the Army, Navy and Air Force headquarters staffs. On 27 November 1996 HQDA distributed copies to all Army MACOMs as well as CINCUSAREUR and the Army Finance Group commands. HQDA also included the following in its Initial FY 97 Funding Letters to all Army MACOMs:

> "10. Corps of Engineers Carryover Supervision and Administration (S&A) Guidance. Section 8119 of the Defense Appropriations Act for FY 1997 grants the authority for the performing activity of supervision and administration (S&A) and other activities related to facilities maintenance and repair, minor construction or design to obligate funds at the point of acceptance of a reimbursable order. Performing activities are the U. S. Army Corps of Engineers districts. This change in legislation will require commands to provide the full amount of the S&A funding needed for the life of the project up front (even though the project may cross more than one fiscal year). In addition, commands must finance the carryover S&A requirement for projects begun in previous fiscal years with FY 1997 funds..."

b. Questions were raised by several USACE commands regarding the legislation's applicability to environmental work. Although the five Environmental Restoration appropriations are listed in Title II of P.L. 104-208, our implementation of the carryover provision will not apply to environmental restoration work funded by those appropriations, i.e., DERA projects. The provision does apply, however, to installations' O&M-funded orders for facilities maintenance and repair, minor construction and design projects to satisfy the installations' needs for environmental compliance, conservation and pollution prevention.

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c. Questions were also raised regarding whether the full CWE needed to be funded by the customer at the point of the order's acceptance. The answer is "yes," with the exception of contingencies, if applicable, during the 15-30 September 1997 period. (See paragraph 4d in the original guidance.) The benefit of the legislation is to prevent: (1) placing our commanders in a position at the start of a fiscal year of incurring in-house costs without the customer's funds, and (2), placing our customers in a position of needing new obligational authority at the start of a fiscal year for previous year's work programs. While it is recognized that districts may have worked out procedures with their customers to manage their in-house costs incrementally, those procedures are no longer required. Therefore, although Section 8119 language includes the permissive term "may," our guidance, using the terms "must" and "will," remains in effect.

3. This memorandum has been coordinated with the offices of Chief Counsel and the Director of Military Programs. POC here is Dale G. Ringer, 202-761-0658.

FOR THE COMMANDER:

JOHN F. WALLACE
Director of Resource Management