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

REPLY TO
ATTENTION OF:

CERM-B

23 OCT 1996

MEMORANDUM FOR Commanders and Directors, All USACE Commands

SUBJECT: Carryover S&A

1. Section 8119 of the Defense Appropriations Act for FY 1997 (P.L. 104-208) grants the authority to carryover certain FY97 funds for supervision and administration and for other selected purposes. The attached instructions will be followed, pending the publication of revisions to appropriate regulations.

2. By separate action, HQDA is advising all Army MACOMs and OSD of these changed procedures so that your customers will be alerted to these new business practices.

3. POC here is Dale G. Ringer, 202-761-0463.

FOR THE COMMANDER:

Encl

JOHN F. WALLACE
Director of Resource Management

CERM-B 22 October 1996

CARRYOVER S&A GUIDANCE
U.S. Army Corps of Engineers

1. Section 8119 of the Defense Appropriations Act for FY 97 (Public Law 104-208) states: "Funds appropriated in title II of this Act for supervision and administration costs for facilities maintenance and repair, minor construction, or design projects may be obligated at the time the reimbursable order is accepted by the performing activity: Provided, That for the purpose of this section, supervision and administration costs includes all in-house government costs."

2. This authority shall only be exercised in situations where all of the following conditions are met:

a. The order is being issued and accepted under the Economy Act (31 USC 1535);

b. The customer (ordering activity) is citing one of the following FY 1997 appropriations:

Operation and Maintanance, Army
Operation and Maintenance, Navy
Operation and Maintenance, Marine Corps
Operation and Maintenance, Air Force
Operation and Maintenance, Defense-Wide
Operation and Maintenance, Army Reserve
Operation and Maintenance, Navy Reserve
Operation and Maintenance, Marine Corps Reserve
Operation and Maintenance, Air Force Reserve
Operation and Maintenance, Army National Guard
Operation and Maintenance, Air National Guard
Overseas Contingency Operations Transfer Fund
U.S. Court of Appeals for the Armed Services
Environmental Restoration, Army
Environmental Restoration, Navy
Environmental Restoration, Air Force
Environmental Restoration, Defense-Wide
Environmental Restoration, Formerly Used Defense Sites
Overseas Humanitarian, Disaster, and Civil Aid
Former Soviet Union Threat Reduction
Quality of Life Enhancements, Defense

c. The scope of the order is limited to design and/or construction of real property, including the maintenance and repair thereof, and the performing organization - i.e. the USACE activity - intends to contract out that design or construction to private sector firms. Thus, this authority does not apply to reimbursable orders for contracted studies, investigations, real estate activities, or for any other non-facilities work.

d. This authority cannot be used in combination with project order authority (41 USC 23) for the project or services ordered by the customer (ordering agency). See ER 37-1-26.

3. Upon acceptance of a reimbursable order and any amendments thereto that comply with the above criteria, commanders will:

a. Annotate the customer copy of the acceptance with the following statement: "This order is accepted under the provisions of 31 USC 1535 and Section 8119 of P.L. 104-208."

b. For design orders: at the point of award of the design contract, commit or obligate the full estimated value of in-house costs to be incurred against the order. This commitment/obligation will be adjusted periodically to reflect the value of estimated total in-house costs based on the current working estimate (CWE) for that order. If the reimbursable order is to remain open beyond 30 September 1997, the balance of the commitment must be obligated as of 30 September 1997, and remain obligated until the completion or termination of that order.

c. For construction orders: at the point of the award of the construction contract, obligate the full estimated value of in-house costs (principally S&A costs) to be incurred against the order. Similarly to design (above), this obligation will be adjusted periodically to reflect the current CWE for the order. EDC costs (engineering during construction) will also be obligated at the point of contract award but only in cases where the customer (ordering agency) has allowed these costs to be included in the CWE. The unliquidated balance of the obligation for in-house costs shall remain open until the completion or termination of the reimbursable order, even if the completion or termination date occurs beyond 30 September 1997.

4. Additional guidance:

a. This policy applies only to orders and amendments thereto that cite appropriations listed in paragraph 2b above. Any such authority for use with FY 98 and future appropriations must await further legislative action.

b. Any Economy Act orders that meet the above criteria and were accepted during the period from 1 October 1996 to the receipt of this instruction will be amended as necessary in order to comply with the obligational and other rules contained within this instruction.

c. The amount of funds in the order projected to be unobligated on 30 September 1997 should be returned to the customer (ordering agency) as soon as possible, but not later than 15 September 1997. Note that this amount usually will be composed of the contingency balance within the CWE, the values

of any unawarded or otherwise unobligated contract changes, and the difference between the total amount of the reimbursable order and the CWE. Funds for contingencies cannot be carried over into FY 1998.

d. Commanders will encounter situations where a customer desires the acceptance and execution of an order placed after 15 September 1997 but on or before 30 September 1997. If the order satisfies the above criteria, and if the commander has the capability to award the design or construction contract on or before 30 September 1997, the commander can only accept such an order if the customer provides sufficient funds to cover both the contract and the estimated in-house obligations to be incurred over the life of the order.

e. For orders still open after 30 September 1997, any amendments to those orders to accomodate upward price adjustments to the contract(s) and to the applicable S&A must be funded with the original FY 97 funds cited on the basic order. For those orders originally funded with one of the five Environmental Restoration appropriations listed in paragraph 2 above, the increases may be funded with funds current at the time of the acceptance of the amendment.

5. It is imperative that all commanders discuss these new procedures with their customers as soon as possible. By separate action, HQUSACE is sharing this guidance with senior staffs at Service headquarters and OSD levels.

6. Additional guidance will be issued separately concerning the management of environmental restoration projects. Further, any changes to detailed accounting systems (CEFMS and COEMIS) procedures will be forthcoming prior to 30 September 1997.

7. The HQUSACE contact is Dale G. Ringer, 202-761-0658.