

RESOURCE MANAGEMENT FOR THE SECURITY COOPERATION ORGANIZATION

INTRODUCTION

The security cooperation organization (SCO) is accountable for all human, materiel, and fiscal resources that are made available to it various sources. The majority of military and Department of Defense (DOD) civilians are familiar with annually appropriated DOD Operation and Maintenance (O&M) funds as the common source of funds for their activities; at the SCO however, there may be a variety of programs each with its own funding and requirements for implementation. All of these disparate, complex programs, combined with a certain level of autonomy at an SCO, make it relatively easy for those responsible to lose accountability of resources. Budget clerks are fired; budget officers and SCO chiefs may be relieved of duty. For the worst offenders, jail is a very real possibility. This chapter addresses the realities and requirements of resource management in the SCO. Especially for the Senior Defense Official/Defense Attaché (SDO/DATT) position, and all the processes and procedures outlined within this chapter support the SCO's Internal Management Controls program.

INTERNAL MANAGEMENT CONTROLS

The *Federal Managers' Financial Integrity Act of 1982* requires an internal management control program to prevent fraud, waste, and abuse along with mismanagement. The SCO should document the procedures of the internal control program and the chief should instruct all SCO members about the program's requirements. All SCO personnel must be personally involved.

The SCO should conduct periodic reviews, with one organization within the SCO performing independent checks of records and procedures on another. Records should be periodically reconciled to ensure accuracy. Periodic physical inventories should also be made of all SCO property. These internal reviews, along with a well-implemented internal control program, will not only help prepare for periodic external audits, such as those from the Inspector General, but also minimize loss due to fraud, waste, and abuse.

HUMAN RESOURCES

Section 515 of the *Foreign Assistance Act (FAA)* contains a variety of provisions dealing with the organization and roles of SCOs. These provisions limit the number of members of the armed forces permanently assigned to an SCO for the management of the United States (U.S.) security assistance (SA) to six, unless specifically authorized by the Congress. This provision does not apply to civilian billets or to Geographic Combatant Command (GCC) SC billets within the SCO. This limitation for SA related staffing may be waived if the president determines that U.S. national interests require more than six such personnel. Operational and overhead support for the SA billets comes from the Security Assistance Administrative Trust Fund. All SC billets are supported by O&M funds or funds from the program that authorizes their presence.

Changes to the SCO's authorized staffing must follow the procedures outlined in Attachment 17-2, *Guidelines to Implement National Security Decision Directive (NSDD) Number 38*. This applies to all SC and SA staffing.

Security Cooperation Office Personnel Authorizations

SCO staffing varies according to the SA workload and the workload associated with the other SC programs. The staffing for SA is based on the above criteria and joint Defense Security Cooperation Agency (DSCA/GCC) manpower surveys. The workload of an SCO is assessed to include the volume of active foreign military sales FMS cases, the number of students programmed for training, and other factors. As a general rule more than 50 percent of an individual's workload must be performing SA functions in order to justify that billet to being funded from the Security Assistance Administrative Trust Fund. Once the authorized staffing is approved it is published to the GCC's Joint Manpower Program (JMP). This document is maintained by the GCC, and requires the concurrence of DSCA and the Joints Chiefs of Staff (JCS). There are a finite number of billets available world-wide and as new requirements arise for an SCO, the GCC and/or DSCA may require the billets be shifted from one SCO to another or one GCC to another. The following categories of billets authorized for the SA workload of the SCO may be reflected on a JMP:

- U.S. military personnel performing security assistance duties. As indicated above these billets are reported annually to Congress and are subject to congressional limitation.
- U.S. civilian direct hires. These DOD civilians are hired through the civilian personnel agency associated with the GCC.
- Locally employed staff (LES). A general term used for foreign service nationals (FSNs) and U.S. citizens who are employed at a foreign service post by a USG agency or establishment that is under Chief of Mission (COM) authority. They are employed under a direct-hire appointment, a personal services contract, or a personal services agreement. Typical jobs for LES within an SCO include budget analyst, SA training manager, FMS case technician, administrative assistant, translator, and vehicle driver.
- Personal Services Agreement (PSA). This is a Department of State (DOS) program whereby DOD is authorized to hire limited contract (1 year, extendable to 10 years) local national personnel, U.S. family members, or local non-official U.S. personnel, to fill bona fide requirements in an SCO. PSAs can fill positions as noted above for LES/FSN. The primary advantage in hiring a PSA is that it does not require NSDD-38 approval, whereas an LES/FSN does. It is also more cost effective. In order to hire a PSA, the SCO must justify the position, provide a job description, and request funding from the GCC. The GCC must approve the request and forward it to DSCA along with substantiation of funding for the current and out years. Once approved, DSCA will forward the request to DOD which will then give DOS the authority to proceed with hiring the PSA. Any questions concerning the PSA program should be referred to the Comptroller Office at DSCA. PSA personnel cannot be contracted to perform duties that are required to be performed by a USG employee.
- Assistance-in-Kind (AIK). The partner nation government may, by way of a bilateral agreement, assign local Ministry of Defense (MOD) personnel to the SCO. These personnel perform administrative or management functions on country SA programs and work under the direction of the SCO. They will not be reflected on the JMP. The partner nation may also have liaison officers assigned in the SCO.
- Case funded personnel. In a few countries, the SCO includes personnel (U.S. and non-U.S.) whose services are purchased under an FMS case. These billets are on a relatively permanent basis, but the individuals may change based on the rules for the length of tour included in the case. These case funded personnel are not authorized on the SCO JMP.

U.S. military and civilian direct-hire personnel are compensated in accordance with relevant U.S. laws and regulations. Locally employed staff are compensated in accordance with the local compensation plan (LCP), a foreign service post's official system of compensation. LCPs are established in accordance with Section 408 of the *Foreign Service Act of 1980*, as amended *United States Code 22* (22 U.S.C), 3968. Each LCP consists of the salary schedule and rates, statements authorizing various types of benefit payments and premium pay rates, and other pertinent facets of local compensation.

Security Cooperation Personnel Authorizations other than for Security Assistance

Within the SCO, there are personnel authorizations for duties other than SA. These responsibilities include combined exercises, international armament cooperation (IAC) program functions, and other security cooperation programs not including management of SA programs. These billets are justified and funded entirely separately from SA, normally through the DOD GCC O&M program objective memorandum (POM) process. The NSDD 38 provisions apply as regards to the role of the ambassador but final approval rests with JCS.

A billet's authorization provides for the assignment of personnel and directs which source of funding pays for their support and operational costs. However, at the discretion of the SCO chief, assigned personnel may perform duties in either SA-related functions or non-SA-related functions but any costs required for the performance of these functions must correctly be charged to the program that authorizes and funds those functions.

Changes in Security Cooperation Organization Manpower

The SCOs and GCCs should review JMPs at least annually to ensure that SCO manning conforms to established policy for effectively managing SA and SC programs. When changes are required for SCO JMPs (or when JMPs are required for new SCOs), the requests, with detailed justification in accordance with DODD 2055.3, *Manning of Security Assistance Organizations and Selection and Training of Security Assistance Personnel*, must be submitted to the JCS and DSCA through the GCC.

Additionally, the ambassador must concur with any changes affecting the size, composition, or mission of the SCO. The NSDD 38, (See Attachment 17-1), assigns primary responsibility for approval of changes in the size, composition, or mandate of any agency at a U.S. embassy to the applicable COM, in consultation with the DOS. In reviewing his JMP, the SCO chief has the ability to narrow or broaden the required or preferred background, skills, and prior training specified for any given billet. This often requires a striking a balance between the needs of the SCO and the available pool of manpower. Making a requirement too specific may ensure an ideal candidate for any given position, but at the cost of a gapped billet. Conversely, too general a requirement may help ensure timely personnel fills but with personnel who do not have the best qualifications for the job.

Security Cooperation Organization Selection

Personnel are nominated to SCO positions in accordance with DODD 2055.3. Requirements for nomination to an SCO may entail slightly different criteria from the norm with respect to:

- Civilian education
- Training
- Language qualifications
- Military schooling

- Experience
- Area familiarity
- Health
- Family considerations

However, a nomination does not assure the job, because the area GCC, the ambassador, and the SDO/DATT retain final selection rights.

FUNDING RESOURCES

There are several types of funds and assets that an SCO may manage. They include:

- Security Assistance Administrative Trust Funds
- FMS case
- Contributed currency
- Various types of operations and maintenance funds

In this section, we will discuss these sources of funds, AIK is not a type of fund but it is included in this chapter because AIK provided by a country offsets the SCO's budget and must be tracked. Typical expenditures of any kind of funds would be for:

- Operational and overhead expenses
- Utilities
- Rent
- Temporary duty (TDY)
- Office equipment
- Civilian salaries
- Selected entitlements

Security Assistance Administrative Trust Fund

A portion of the Security Assistance Administrative Trust Fund is allocated to the SCO and is referred to as T-20 funds. These funds pay for the SA mission requirements of the SCO. The funds cover the items listed above and any other requirements that directly support the authorized members of the SCO who are conducting SA activities.

SA funds allocated to the GCC headquarters to manage SA programs are referred to as HQ T-20 funds. The HQ T-20 funds pay for the SA operational requirements of the GCCs.

T-20 funds have been primarily sourced from the mandated administrative surcharge added to FMS cases. A portion of the T-20 fund is also sourced through congressional appropriations under the *Foreign Operations Authority* U.S.C. Title 22. The appropriated funds generally account for less than half of the total SA administrative budget. For SCO purposes the Defense Finance and Accounting Service-Indianapolis Center (DFAS-IN) consolidates these funds into a single funding source for both the SAOs and the GCC headquarters and other DOD and military department (MILDEP) activities.

Foreign Military Sales Case Funds

Some FMS cases provide funding to support specified activities of the SCO. FMS case funds are provided from the customer country or as applicable, the U.S. provided Foreign Military Financing Program (FMFP) to be held by the U.S. within the FMS Trust Fund account. These funds are provided

on a program management line or a defined order line designed to cover the costs of specified support. The support may include any of the items listed at the beginning of this section.

Generally FMS case support funds are used to fund continental U.S. (CONUS) personnel, SCO personnel and in-country teams that are in direct support of a specific FMS case or specific program. These funds would be designated for administrative functions related to the management of end items, support equipment, spares or a program. As an example, these funds should also be used to fund TDY for SCO personnel traveling in direct support of a specific program, e.g., the FMS of F-16s to Bandaria or attendance at a program management review (PMR).

The fact that a travel line was not included for the support of a specific program is not justification to use T-20 funds for SCO travel in support of a specific program. The SCO should request the program manager amend the case if there is not a travel line included for a specific program that requires a stand-alone PMR. T-20 funds will only be considered to fund SCO TDY for a PMR when the PMR is the only FMS review for that country and the entire country plan is reviewed in its entirety, not limited to one or two specific programs. The SCO should request permission of the GCC resource manager for use T-20 funds for this category of PMR.

Operation and Maintenance Funds

O&M funds are provided by the GCC for support of the DOD or GCC security cooperation programs other than SA in the country. These funds are used for the same type of expenses as T-20 funds, but in support of non-SA programs.. They are known as:

- O&M funds in the Air Force
- O&M Army (OMA) in the Army
- O&M Navy (O&MN) funds in the Navy

Congress authorizes and appropriates O&M funds for support of the U.S. forces under U.S.C. Title 10. These O&M funds are to be used for the SC other than SA requirements of the SCO. These funds are managed by the GCCs, MILDEPs, DOD agencies and components. O&M funds are identified with the specific programs that authorize the funds. There are many O&M funding programs that the SCO may encounter and each will have its own rules and procedures to be followed. The SCOs who have security cooperation billets on their JMP are required to maintain a separate budget and perform separate budget execution procedures for each of the authorized programs.

Partnership for Peace

The Partnership for Peace (PfP) fund is annually appropriated for DOD by Congress, specifically in support of U.S. efforts with countries participating in the North Atlantic Treaty Organization's (NATO's) PfP program. The program directly supports partner countries becoming more operationally compatible with NATO forces. The funds are provided by the GCC to component commands, the Defense Attaché Offices (DAOs) and SCOs for implementation of the program.

Traditional Combatant Commander Activities

The Traditional Combatant Commander Activities (TCA) funds are used to conduct military-to-military contact and comparable activities designed to encourage a more democratic orientation by defense establishments and military forces in other countries. The SCO submits proposed projects and their estimated cost to the GCC. The GCC approves projects and then when funding is available provides the funding to the SCO to execute the project.

Traditional Combatant Commander Initiative Fund

The Combatant Commander Initiative Funds (CCIF) is controlled in accordance with DODD 7280.4 by the Chairman of the JCS. A GCC may request this funding in support of a myriad of projects to include:

- Force training
- Contingencies
- Selected operations
- Command and control
- Joint and combined exercises
- Military education and training to military and civilian personnel of foreign countries
- For personal expenses of defense personnel for bilateral and regional cooperation programs

These funds are used for a single project and are not a source of funding for a continuing project. Once the funding authority is granted, the funds are managed by the GCC in the same manner as other O&M funds.

Counternarcotics

The counternarcotics (CN) funds are appropriated to DOD for the support of U.S. and partner nations in fighting the war on drugs. This funding is managed by the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (ASD/SOLIC). These funds may be allocated to use via the FMS process to fund a country's training, support, and equipment needs, or for in support of U.S. forces/activities engaged in CN operations. Normally, however, these funds are allocated to the military service and managed like O&M funds. The *International Narcotics Control Act* (INCA) provides funds managed by the DOS which are used to pay for DOD-provided material, services or training via the FMS process or direct commercial sales (DCS).

International Armaments Cooperation

The IAC provides the O&M funds in support of the U.S. personnel authorized under the JMP of the GCC for IAC activities. The term Defense Cooperation in Armaments (DCA) is used in the law that originally authorized this program managed by the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)). These funds are allocated to the GCC and are managed like other O&M funds. The SCOs with IAC billets on their JMP are required to maintain a separate budget and separate budget execution procedures for these funds.

Demining

Demining funds may be allocated for use via the FMS process. These funds are made available to aid a country in the removal of landmines. The SCO will be involved in the management of this program and overseeing the use of these funds. The SCO does not budget for these funds; rather, yearly targets are directed from higher headquarters.

Humanitarian Assistance

Humanitarian assistance funds may be allocated for use to assist the partner nation in construction of needed infrastructure, schools, and hospitals. The SCO will be involved in the management of this program and overseeing the use of these funds. The SCO submits the proposed projects and estimated

cost to the GCC. The GCC approves the projects and when funding is available, provides the funding to the SCO to execute the project.

United States Code Title 10 Programs

The GCC centrally manages a special category of funding known as the Title 10 programs, with which the SCO may be involved. These special programs get their name from the same authorizing legislation that Congress provides for Armed Forces activities; they should not be confused with U.S.C. Title 10 O&M funds. Title 10 provides funds to support cooperative engagement. It funds material support for the following:

- Humanitarian and civic assistance projects
- Participation in exercises
- Attendance at conferences, seminars or exchanges

The SCO does not budget for these funds; their yearly targets are directed from the list above.

Assistance-in-Kind

AIK is non-monetary support of SCO operational requirements. Typical non-monetary support would be office space, transportation, utilities, and personnel. All AIK support provides for operational requirements that would generally be budgeted for using SA administration, FMS case, or O&M funds. In the event that AIK support was no longer provided, the level of required support would be reviewed and then included in the appropriate budget submission documents. What will be provided under AIK is decided by the bilateral agreement signed between the U.S. and the partner nation.

Currently, only one country provides actual funds under AIK. This is an exception to typical AIK. The dollar values and what the funds will be used for are decided at the Secretary of State level with a formal document signed between the U.S. and the partner nation. These funds are not a part of the SCO budget but paid by the partner nation to the U.S. Treasury and are provided indirectly to the SCO.

Antiterrorism and Force Protection Funding

Antiterrorism and force protection (ATFP) funding is an area of great concern and confusion. The DOS is responsible for funding ATFP for most of the SA authorized billets, with the GCC, by agreement, being responsible for ATFP at selected SCOs and all personnel under his command, i.e., the DCA officer. DOS will, therefore, be the first place to look for funding of ATFP requirements. Many times in this austere funding environment, the DOS will not always be able to fund these requirements.

Due to the importance of ATFP, other sources of funds should then be pursued. The first thing that must be considered when seeking other sources is who the ATFP requirement is going to support. If the requirement is to support personnel in a T-20 funded billet, the SCO should look at using their T-20 budget. The SCO's O&M budget should be used for O&M billets; if the SCO's O&M funds are insufficient, a request for GCC O&M funds should be submitted. FMS funds should be used for FMS case-funded billets. The SCO can work with GCC budget personnel to request the use of service executive agent funds or DOD Combating Terrorism Readiness Initiative Funds. If sufficient funds are not available in those budgets, then the SCO should submit an unfunded requirement (UFR) to the GCC to pay for the deficiency. The embassy regional security officer (RSO) should include a statement that the security requirement is valid and that DOS does not have funding.

Other Sources of Funding

Morale, welfare and recreation (MWR), overseas housing allowance (OHA), basic allowance for housing (BAH), and military pay are some of the other sources of funding.

MWR funds are available on a limited basis through the MILDEPs in accordance with DODI 1015.10, to support U.S. military personnel at an SCO. These funds are often used for such items as weight-lifting and exercise equipment. The SCO does not budget for these funds; they request them on an as needed basis.

Housing is typically provided or funded for members of the SCO in one of four ways. The first method is a private lease obtained by the SCO member. In this case, OHA in conjunction with BAH will be used to pay for housing costs for U.S. military personnel. The second method is provided through a government lease and paid directly by the SCO. The lease can be through the embassy housing pool or handled separately by the SCO. SCO-funded leases are generally used only when housing is in limited supply or for security reasons. The third method of providing housing is DOS housing. This is a residence either purchased or on a long-term lease by DOS. This type of housing is rarely available but when it is, it is funded by DOS. The fourth method of housing, DOD military quarters, is even rarer. These are quarters on a military installation, funded by the applicable installation MILDEP.

The SCO will be involved with housing if the SCO is paying for the lease but OHA and BAH are paid by the service directly to the military member. Neither the SCO nor the member receives funding for DOS housing or DOD military quarters. Both of these are funded directly by DOS or DOD.

Military pay is not budgeted by the SCO but paid directly by each member's military service. The DSCA centrally funds for all U.S. Coast Guard (USCG) personnel.

PRACTICAL APPLICATION OF DIFFERENT FUND TYPES

The following example using the mythical country of Bandaria shows the sometimes confusing use of various types of funds. This example only identifies a few of the funding sources that an SCO might have and should not be considered an all-inclusive list. Table 17-1 shows the make up of SCO Bandaria by position.

<u>JMP Position</u>	<u>Name</u>	<u>Grade</u>	<u>Type Funds</u>
ODC Chief	COLONEL Dave Encharge, USA	06	T-20
Secretary (U.S. Civilian)	Ms. Mary Noit	GS	T-20
Budget Analyst (FSN)	Ms. She Counts	FSN	T-20
Training Assistant (FSN)	Mr. Kan Sendum	FMS	T-20
Armaments Cooperation	Lt Col Terry Helper, USAF	05	O&M (DCA)
Logistics-Plans Coordination	MAJ Don Supli, USA	04	O&M (GCC)

This office has six people funded by three different types of funds. The following provides the funding background for each of the office members.

Colonel Dave Encharge is married with two teenaged children for a total of three sponsored dependents. His house is rented, not provided through a government lease. He uses BAH and OHA

to fund the rent on his house in Bandaria. It should be noted that the SCO does not budget for housing if the military member receives BAH and OHA. T-20 pays the cost of his children's private school; purchase of office supplies and equipment; and funds his SA-related travel. He and his dependents are also authorized funded environmental morale leave (FEMLE) which is paid using T-20 funds. FEMLE is a program that allows a person assigned to an austere location to take a paid trip to a designated location that is more similar to the U.S. Colonel Encharge can decide to go to the designated location or another location but will receive funds up to the constructed cost of traveling to the designated location. The U.S. Army pays his salary.

Ms. Mary Noit, the secretary, is single with no children. Because she was hired locally, she does not receive any housing, dependent education, or transportation entitlements. There are a few U.S. civilians that receive these entitlements but only if they have a transportation agreement. T-20 funds pay for the purchase of her office supplies and equipment and funds any SA-related travel she may have.

Ms. She Counts is a local national married with three children. As an FSN, housing and dependent education are not paid for using any type of SCO funds. T-20 funds pay her salary, for the purchase of her office supplies and equipment, and any SA-related travel.

Mr. Kan Sendum is a local national married with one child. Like Ms. She Counts, he receives no funds for housing or education. T-20 funds pay his salary, for the purchase of his office supplies and equipment and any SA-related travel.

Lieutenant Colonel Terry Helper is single with no children. She uses BAH and OHA to fund the rent on her house in Bandaria. DCA funding pays for the purchase of her office supplies and equipment and funds DCA-related travel. The U.S. Air Force pays her salary. T-20 would pay for any SA-related travel.

Major Don Supli is married with no children for a total of one sponsored dependent. He uses BAH and OHA to fund the rent on his house in Bandaria. GCC O&M funds pay for the purchase of his office supplies and equipment and funds GCC-related travel. The U.S. Army pays his salary.

The Bandarians have decided to provide vehicles for SCO use under an FMS case. A case was written to lease four Jeep Grand Cherokees, including their maintenance. The SCO pays for the fuel for these vehicles.

The SCO does not use office space in the embassy but has an office next to the MOD. Although Bandaria provides this office to the SCO as no-cost AIK, the SCO must pay for all utilities. The electric bill for the entire SCO office is for one lump sum of 2,600bd (\$1,300.00), yet each funding source must pay for its own requirements. Various costs accounting methods can be employed; one method would be to take the square footage allocated to each person and use that to determine how much each owes. In this example, the four T-20 funded personnel occupy 550 square feet or 64 percent of the office, the DCA billet occupies 18 percent and the GCC-funded billet occupies the other 18 percent. The correct method of funding is for T-20 to fund \$832.00, DCA to fund \$234.00 and GCC funds to pay \$234.00.

Now, examination one of the more interesting items that come up on a daily basis in the SCO.

Colonel Encharge will not be able to attend the next GCC SA conference and decides to send Lieutenant Colonel Helper in his place. In this case, although Lieutenant Colonel Helper is mainly funded using DCA funds, she will be performing a SA mission and therefore is authorized to use T-20 funds to pay the cost of her TDY. Any time the funding source or the legality of expending funds for an item is unclear, the SCO should check with the GCC resource manager and/or legal office.

FLOW OF FUNDING AUTHORITY FOR THE SECURITY COOPERATION OFFICE

The flow of funding authority to the SCO is complicated due to the number of funds, types of activities, and number of organizations involved. This process can, however, be broken down to some key basic concepts.

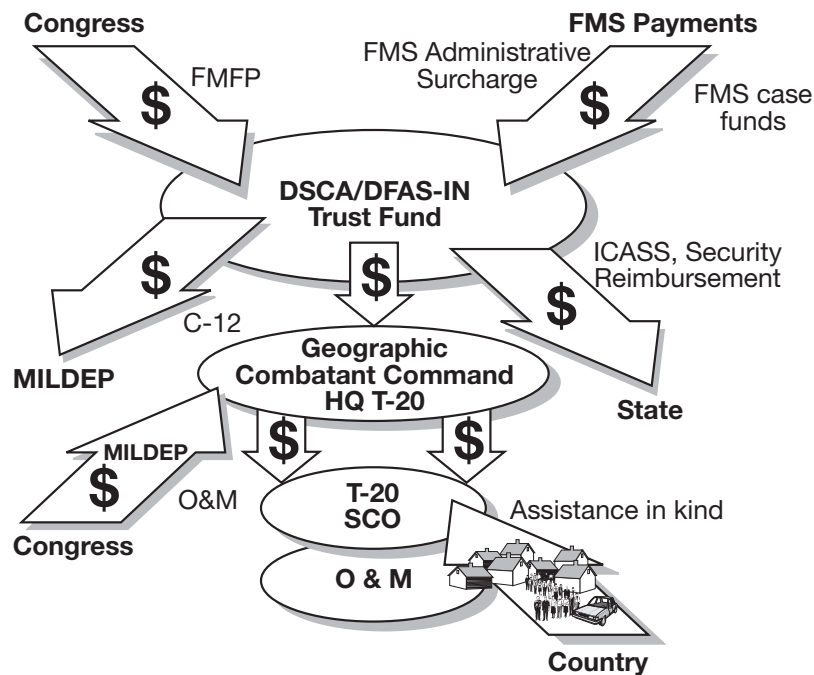
The SCO does not receive actual money instead, the SCO receives an authority to create obligations against the Security Assistance Administrative Trust Fund. At the center of the management of funds are DSCA and DFAS-IN. DSCA approves the budgets for the SCOs and the GCCs, while DFAS-IN is responsible for management and accounting of Security Assistance Administrative Trust Fund.

Funding for administration of the SA programs is provided from two sources, the collection of the administrative surcharge on FMS cases and congressionally-appropriated funds to administer the FAA authorized grant programs such as international military education and training (IMET).

Funding for the conduct of security cooperation programs other than SA generally comes from congressional appropriations authorized for the specific programs and will be managed by DOD and MILDEP activities and can either flow through the GCC or directly to the SCO.

Figure 17-1 graphically depicts the flow of funding authority from the sources of funding to the SCO. Starting at the top, the primary fund the SCO is the SA Administrative Trust Fund. The top left shows the flow of funding authority provided by Congress for SA administration-related requirements for grant programs. The top right shows the flow of funds from the FMS administrative surcharge and FMS case funds. Both sources of the funds are accounted for in the SA Administrative Trust Fund account.

**Figure 17-1
Flow of Funds**



Funding authority for the SA administrative functions of the GCC is sent to the GCC and referred to as HQ T-20 funds. Funding authority for the SCO SA funding requirements is sent to the GCC for

further distribution to the SCOs. From the Trust Fund, funds are sent to DOS to pay for indirect costs that are centrally-funded by DSCA such as International Cooperative Administrative Support Services (ICASS) and SCO security costs.

The bottom left of the chart shows the flow of congressionally appropriated O&M funds to the GCC and MILDEPs. The MILDEPs also distribute these O&M funds to the other SC organizations that require O&M funds. The GCCs then provide the necessary O&M funds to the SCO. The final input is the AIK provided by the partner nation.

SECURITY COOPERATION OFFICE BUDGET ORGANIZATIONS

An understanding of various players in the budget process is required before looking at the process itself. There are eight major players involved with the SCO budget process:

- Congress
- DOS
- DSCA
- The executive agent
- GCC
- SCO
- Embassy
- Global Financial Service Center (GFSC)
- DFAS-IN

Congress legislates the appropriated funds portion of the SA FMFP funding and the O&M funding to be used by the SCO. Congress separately legislates an annual dollar ceiling authority for expenditure of SA administration funds out of the trust fund at DFAS-IN.

The DOS submits the budget request to Congress for the appropriated funds portion of the SA fund requirement in the annual congressional budget justification for foreign operations.

DSCA administers the Security Assistance Administrative Trust Fund and provides budget policy and guidance on the use of SA funds. DSCA also provides budget target levels to the GCCs and reviews and approves their SA-related budgets. The budgets are approved based on the country submissions but the funding levels are issued to the GCCs as a lump sum dollar value. This allows the GCCs to adjust country funding levels as changes in requirements occur.

DSCA works with the DOS in preparing the budget request to Congress for the appropriated portion of the SA funds and disburse funds to the DOS for SCO security and ICASS costs. DSCA also centrally USCG salaries and the C-12 aircraft program.

The executive agents provide budget policy and guidance on the use of O&M funds. They review and approve the O&M budgets for the GCCs. They also prepare the annual POM submission for DOD to obtain the funds required. The executive agents are the MILDEPs responsible for sponsorship of the GCCs as follows:

- The Air Force for Central Command and Northern Command
- The Army for European Command, Southern Command, and Africa Command
- The Navy for the Pacific Command

The GCCs issue policy and procedures that expand and clarify those issued by DSCA and the executive agents. They issue funding targets for the SCOs to use as a starting point in developing

their budgets. The GCCs reviews and modify the individual SCO budgets as required and then submits consolidated budgets to DSCA for SA requirements and to the executive agent for O&M requirements. The GCCs issues the obligation authority/fund certification authorization (OA/FCA) to the SCO as funding becomes available. This gives the SCO official authority to obligate the USG to expend dollars. At the same time the OA/FCA is issued to the SCO, the GCCs notify DFAS-IN so they can record the OA/FCA values in the official accounting system. This is the formal commitment of a portion of the trust fund to pay for the obligations generated by the SCO. The GCCs are also responsible for overseeing SCO funds management and implementation.

The SCOs prepares their proposed budgets and submits them to the GCCs. If the budget request exceeds the target level provided by the GCC, then the SCO will submit an unfunded requirement (UFR) for each item above the target level. The SCO, upon receipt of the OA/FCA, will execute the day-to-day budget requirements in accordance with the DFAS Memorandum, *SAO Accounting Pamphlet*, September 28, 2003. The SCO will enter all accounting records into the Security Assistance Automated Resource Management Suite (SAARMS) budget execution program for all transactions. This information is transferred to DFAS-IN and entered into the official DFAS accounting records. This information plus payment information is submitted through the DOS accounting system and received by DFAS-IN which will be used for reconciliation with records in the SAARMS system.

The embassy will provide contracting support to most SCOs. Generally, DOS has the only bonded contracting officer available in-country so they provide this service to the other organizations. It is the exception for an SCO to have its own contracting officer. The embassy also provides certain administrative support services specified in the ICASS agreement. These services generally include fund disbursement for the SCO by the embassy and the FSC. Again, a few SCOs perform this service in-house but this too is the exception. Financial reports will also be provided to the SCO that show what financial functions the embassy provided for the SCO.

The FSC is the DOS regional finance center for disbursing funds for the embassies assigned to it. The GFSC reports these disbursements to the embassy that requested it. The disbursements are also reported to DFAS-IN for all SA disbursements. There are currently two GFSCs—located in Bangkok, Thailand; and Charleston, South Carolina.

The DFAS-IN is the financial and accounting activity for all SA funds. DFAS issues general accounting policy and procedures. At the direction of DSCA, they issue fund allotments to the GCCs for dissemination to the various SCOs. DFAS-IN maintains the official accounting records. They post all obligations provided by the SCOs and disbursements provided by DOS and others. Status reports are then supplied to each SCO. DFAS-IN, in conjunction with the SCO, reconciles the records posted from DOS with those posted from the SCO. DFAS-IN is also required to perform departmental reporting to the Office of Management and Budget (OM&B).

REPRESENTATION FUNDS

Representation funds are used to maintain the standing and prestige of the U.S. by extending official courtesies to authorized host nation personnel. The SCO will receive these funds from both T-20 and O&M funding. The SCO representation fund budget is small, generally only a few hundred dollars, but it receives a great deal of management attention. Rules for SA representation funds will differ from those of GCC O&M and those for use by the DAO. To assist in the funding of representational activities during VIP visits (senior flag officers, DOD civilians and others), SCOs are encouraged to request funds from the VIP coordinator to offset the costs of the activities.

Representation Fund Uses and Limitations

Representation funds can be used to cover the cost of luncheons, dinners, and receptions for authorized personnel, to include gratuities up to 15 percent of the cost of the services. Mementos can be purchased at a cost not to exceed \$350.00 per person for honored guests and their spouses. These mementos can only be presented to non-USG officials. Non-personal invitations can be brought with these funds. (An example of a non-personal invitation would be an invitation from SCO Bandaria, rather than from Colonel Encharge). This is not an all inclusive list.

Prohibited items include:

- Membership dues or fees of any kind
- Seasonal cards
- Calling cards
- Personal items
 - Cigarettes
 - Shoe shines
- Linens, dishes, silverware or kitchen utensils
- To pay for conferences, seminars, or workshops

The SCO should refer to GCC regulations addressing SA representation funds for additional details.

Representation Fund Limitations

Invited guests should be limited to the minimum number required to meet the representational mission. The number of distinguished guests must be at least 20 percent of the attendees when the number of attendees is less than 30 people and at least 50 percent when the number of attendees is more than 30 people. The SCO should refer to the GCC regulations for additional limitations.

Representation Fund Records

Detailed records of all expenditures and uses of representation funds must be maintained. Guest lists indicating who was invited and who attended will be recorded for each event. The distinguished guests and party will be indicated and the percentage of distinguished guests to U.S. personnel annotated. Financial records of all expenditures must be recorded as well as perpetual inventories of mementos and expendable items to include:

- Documenting when the mementos were presented
- What memento was given
- To whom it was given
- What the occasion for presentation was

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The ICASS is a system for providing administrative services to the various organizations comprising the U.S. mission in a partner nation. ICASS provides for increased responsibility and authority to manage the resources in the embassy. Key elements of ICASS include, customer participation, local empowerment, and transparency.

The customer is defined as any organizations using the various services available in the embassy. Although, customers are involved in the selection of service providers, they select a provider other

than the one selected through ICASS. This should be done only after careful consideration of the total impact on the USG and future availability of the alternate source. Service providers can be either USG agencies or local vendors. The DOS or the United States Agency for International Development (USAID) will provide most of the services.

The ICASS budget is locally generated and managed. Each embassy determines how much money will be required and how those funds will be spent. They identify what services will be provided, how they will be managed and how much will be charged for those services.

Another element of ICASS is total visibility of administrative services and cost elements. The customers help to establish performance standards for services provided. For example, it could be determined that vouchers should be processed within 15 days for example. These standards would then be used to rate the effectiveness of the service providers.

ICASS is managed as a modified working capital fund. This fund is no-year funds to allow for unobligated funds to be carried over from one year to the next. These unobligated funds could be returned to all the participating agencies, reprogrammed for other ICASS needs or retained to reduce the bills of all agencies for the next fiscal year (FY).

Each customer and service provider signs an ICASS Memorandum of Understanding (MOU). It defines the services that will be provided, identifies the customers, and service providers. The MOU spells out the objectives and service standards established by the ICASS council and details the program evaluation and review procedures. The cost of services is agreed upon with program evaluation and review procedures being established. Each customer negotiates an ICASS agreement for those services to be provided by the ICASS service provider for each type of fund.

The ICASS council is the formal body of each embassy that develops the charter and approves the MOUs for the embassy. It is authorized to adopt by-laws suitable for local conditions. The council is composed of one senior manager from each Cabinet-level agency and each service provider. The SDO/DATT represents all DOD agencies on the ICASS council. The council develops and approves the annual ICASS budget and has the authority to manage all services. The council decides what services are to be provided, which organization will provide those services, and how the services will be provided. It establishes performance standards with each service provider and then evaluates the performance and costs of each service provider. The council will also resolve most disputes among participating agencies.

The deputy COM is an ex-officio member of the ICASS council, providing policy perspective to aid in resourcing decisions but is not a voting member. The deputy COM keeps the COM informed on ICASS issues.

The primary role of the COM is in resolving disputes between agencies. An agency can bring a dispute to the COM that could not be resolved in the ICASS council or a dispute that was decided by the ICASS council that a participating agency does not agree with.

The ICASS executive board in Washington, D.C. provides the highest level of ICASS policy and is chaired by the Assistant Secretary of State for Administration. Participating agency representatives are at the assistant secretary level. The Executive Board meets quarterly to review and make policy. Disputes that could not be resolved to the satisfaction of the COM can be sent to the ICASS executive board for resolution. This avenue should be pursued only for major items and then only after all other avenues of grievance have been exhausted.

The Interagency ICASS Working Group provides policy on items delegated by the ICASS Executive Board. It is made up of working level representatives from each agency involved with ICASS and meets twice a month. It communicates policy developed within and from the Executive Board to ICASS member agencies and the field. It reviews and approves non-post costs and factors and resolves issues raised by embassy councils.

The ICASS service center is a full time service organization that serves as the secretariat for the ICASS executive board and the interagency ICASS working group. It is a permanent office consisting of interagency staff. It provides budget and financial services to the various ICASS councils. It provides implementation guidance on ICASS budgets and procedures. It manages a cost distribution computer system and coordinates training on all ICASS issues. It provides customer assistance for post operations.

CAPITAL SECURITY COST SHARING

Capital security cost sharing (CSCS) is the DOS program designed to fund the construction of 150 new embassies and consulates worldwide. It authorizes the Secretary of State to determine the allowable cost share for each tenant agency under COM authority and is designed to generate \$17.5 billion over a 14 year period. It is authorized by Section 604 of the *Secure Embassy Construction and Counterterrorism Act of 1999*, as amended by the *FY 2005 Consolidated Appropriations Act* (P.L. 108-447). CSCS is also designed as an incentive for all tenant agencies to right-size their overseas staffs to the numbers essential for mission accomplishment.

The DOD is one of the largest tenant agencies; its projected bill for FY 2008 is \$132 million. Rightsizing is the mechanism by which DOD can minimize its footprint in the embassies and thereby reduce overall CSCS costs. For FY 2008, DOS charged its tenant agencies for office space at the following rates:

- Principal Officer (General/Flag Officer) - \$186,886
- Controlled Access Area (CAA) Office - \$50,724
- Non-CAA Office - \$20,488
- Non-CAA Non-Office - \$3,546

Based on these charges, the importance of allocating office space becomes critical. Every effort must be taken to minimize the number of offices within the CAA. Additionally, tenant agencies not collocated in the embassies, but under COM authority, are not charged for CSCS. DOS may grant a waiver for some work spaces to be located apart from the embassy, if the host nation facility provides safety and security equal to or greater than that which would be afforded within the embassy.

Annually, DOS sends a report to the Office of the Secretary of Defense (Comptroller) requesting verification of DOD staffing levels at all embassies. A copy of this report and request for verification is sent to DSCA, and forwarded through the respective GCCs to the SCOs for action. Each SCO chief or his/her designated representative must review this document with the SCO joint manning document provided by the GCC, and verify that each entry in the DOS Post Administrative Support System (PASS), maintained by the Administration Section or Human Resources Office, is correct – check organization title, job titles, numbers of personnel, location within the embassy (CAA, non-CAA, etc.), or outside of it. The accuracy of this review is critical since DOS bills DOD based upon what tenant agency data is in PASS. Corrections in PASS can only be made at each respective embassy; they cannot be made at the GCCs or by DSCA.

For DSCA, the purpose of the review is to ensure that DOS bills DOD for the correct number of DOD personnel assigned to the SCO, and that within the SCO, DOD is able to verify the correct numbers of personnel assigned to each represented fund source. Within each SCO, there are typically two types of funded positions: SA T-20, and O&M. DSCA is responsible for the SA positions; the GCCs or military services are responsible for the O&M billets. Additionally, personnel assigned to a specialized training activity may be reflected in PASS as members of an SCO. In reality, they are not SA personnel but are funded by a military service, which would also be responsible for CSCS.

Upon completion of the review and verification by the SCO chief, the DSCA Comptroller is notified through the respective GCC. If any discrepancies which cannot be resolved at the embassies should arise, the SCO chief should immediately forward them through the GCC to the DSCA Comptroller for resolution.

Although this CSCS review is done annually, it is in the best interests of the SCO to periodically review the SCO staffing in PASS to ensure that all corrections are made and that any changes in personnel (increases and decreases due to NSDD-38 and Personal Services Agreement actions) are properly reflected. Any questions should be addressed to DSCA, Directorate of Business Operations, Comptroller.

SECURITY ASSISTANCE AUTOMATED RESOURCE MANAGEMENT SUITE

The SAARMS is a suite of software programs that assist the SCO in managing its resources. SAARMS currently consists of three computer programs:

- The budget execution program
- The budget preparation program
- The property program

The budget preparation program automates the T-20 budget preparation for the SCOs and GCCs. It provides the capability for the SCO to develop and modify their budget. The GCC and DSCA can view the countries individually or view them rolled up into one budget. All required budget submission data is included in the program and all pertinent reports can be generated. The program is also designed so that it could be used for other than T-20 fund budget submissions, if so desired.

The budget execution program serves as the web-based SA funds management system. The program provides the SCO with the recording and reporting capability and meets generally accepted accounting standards. The program has built in controls to preclude over obligation of the OA/FCA amount and provides fund control by management categories as specified by the GCC. Obligations are created, disbursements are recorded, and required reports can be generated by the application. The program also transfers data to DFAS-IN for entry into the official accounting system. The budget execution application is used to manage T-20 funds and expenditures, but can be used for the SCO's other types of funds as well.

The property program serves as the SA property management system. A stand-alone application, it standardized property management throughout a GCC. The program creates and stores the required information on property records and provides the requisite reports.

SECURITY COOPERATION OFFICE SECURITY ASSISTANCE BUDGET PREPARATION PROCESS

The budget preparation process starts with the annual budget call. DSCA provides a target ceiling level for each GCC and notifies them of what information is required, when it is required, and with what details. The GCCs then provides a target ceiling level for each SCO and notifies them of what to

provide to the GCC and the due date. Typically, this process begins around May, with the publication of the DSCA budget call. However, many of the GCCs will start their budget preparation process by early March.

The budget is created and submitted via the web-based SAARMS Budget Preparation application and consists of the SCO chief's narrative, detailed descriptions, and financial requirements summarized by object class. The chief's narrative is the single most important item in the budget, as it provides the overall perspective on the SCO's program and why the requested budget is needed. The SA budget submission includes nine FYs of data, to include:

- Past FY (actual costs)
- Current FY (actual costs plus estimated requirements for the remainder of the year)
- The next FY (taking last year's projected requirements and revising them)
- One out-year (projected requirements two years from now)
- Five POM years

Direct costs (FSN Pay, TDY costs, supplies, leases, etc.) are itemized in the budget and include total estimated expenses that will require distribution of funding authority to the SCO.

Indirect costs (ICASS, local USCG, and severance pay) are included in the budget, even though they are not obligated or paid by the SCO. DSCA has responsibility for budgeting for these items but the SCO provides information on them and monitors them throughout the year.

For management and reimbursement purposes, there will be a special exhibit for each of the following items that apply to the SCO:

- C-12 flying hours
- Contributed currency
- Foreign currency
- Workload factors
- AIK
- End-Use Monitoring (EUM) Requirements
- Unfunded requirements
- CSCS

The budget will be prioritized with "must pay" items first and then discretionary items. A "must pay" is an item that is required by law or regulation, e.g., entitlements, leases, or utilities. A discretionary item can be both mission-essential and non-mission-essential but does not fit the "must pay" requirement, e.g., most TDYs, supplies, and equipment. Any mission requirement that cannot be included within the budget target ceiling level may be submitted as an unfunded requirement. The GCC reviews and modifies the budgets submitted by each SCO. When the GCCs are satisfied with their budgets, DSCA reviews the overall budget and prepares it for submission to DOD and Congress.

The budget approval and execution process works in reverse of the budget submission process. Congress provides the funding appropriation and authority to DOS which in turn provides the allocation of appropriated funding to DSCA. DSCA takes this allocated funding along with the authorized funds from the administrative trust fund account to provide the GCCs with their approved allotment on a quarterly basis. GCCs issue OA/FCA amounts to the SCOs, authorizing them to obligate the USG to expend funds.

SECURITY COOPERATION OFFICE SECURITY ASSISTANCE BUDGET EXECUTION PROCESS

Receipt of the OA/FCA ends the budget preparation process and begins the budget execution process. This phase consists of the day-to-day operations:

- Obligating funds
- Recording payments
- Reconciliation records with DFAS-IN

The SAARMS budget execution program is used to record these transactions and to aid the SCO in managing its resources wisely.

The SCOs can only procure those items that are authorized and required to perform their mission. These requirements will include everything from pens and pencils to dependent student education and TDY. For each requirement, the SCO will obligate funds to reserve them in the budget for the planned payment.

Once the SCO has established an obligation, the appropriate paperwork must be processed. This could be a TDY form, purchase request, miscellaneous obligation document, supply order, contract, purchase order, work order, or a requisition.

The vendor will usually be paid in one of four ways:

- The embassy budget and finance (B&F) office can pay the vendor by check or electronic funds transfer (EFT)
- The DOS GFSC can pay the vendor by check or EFT
- The embassy B&F office could provide the SCO with cash to pay the vendor
- The vendor is paid using USG purchase card

Payment will be recorded by the SCO in SAARMS, regardless of how the payment is made. At the end of each FY, the SCO reconciles its records of obligations and payments to ensure that recorded payments agree with actual expenditures, that the budget has sufficient funds to pay all the bills and that excess funds have been freed up for other obligations.

Security Assistance Automated Resource Management Suite Budget Execution Reports

The SAARMS Budget Execution program provides three kinds of reports:

- Budget operation reports
 - Document history
 - Open/closed documents
 - Reconciliation
- Record submission reports
 - Transaction summary
 - Miscellaneous obligation document
- Management reports
 - Status of funds
 - Budget plan

The SCO chief is responsible for ensuring that the budget program consistently reflects assigned missions and priorities. At the beginning of each FY the SCO will submit to the GCC an annual

funding plan, laying out how the SCO will fund its mission. This plan should be entered into the SAARMS Budget Execution application as an obligation plan.

The status of funds report uses the obligation plan along with actual obligations and payments to give an accurate accounting of funds. The SCO chief and GCC should review this report periodically to insure that actual expenditures are proceeding as originally planned.

The document history report, when sorted by management category, shows how funds are being obligated and expended in each category. This allows the chief to see every transaction that was made in each category, making it a good internal management control tool.

The obligation and payment summary sorted by the management category, makes it possible for the chief to quickly see how money has been obligated for each management category, how much has been paid, and how much is still unpaid. These are all available on the status of funds report but are shown in this report in greater detail.

The last digit of the expense code makes it possible for the chief to quickly see how much money has been obligated for each management category, how much has been paid (these are both available on the status of funds report), and more importantly, how much is still unpaid.

SECURITY COOPERATION OFFICE SECURITY ASSISTANCE BUDGET CAUTIONS AND PROBLEMS

There are several items that have consistently caused problems for SCOs. Government leased housing is a prime example because GCC approval is required for any lease (plus annual utilities) over \$50,000. The GCC can approve new and replacement leases for less than \$50,000 or delegate this approval to the SCO chief. However, the SCO chief may not approve the lease for his own quarters.

DSCA approves the purchase of all foreign-made vehicles to insure the *Buy-American Act* is adhered to. All other vehicles are approved by the GCCs. Vehicles may be armored only by sources approved by the General Services Administration (GSA).

Only the GCC can grant authority for domicile-to-duty transportation, the use of a government vehicle for transportation between home and the office. Domicile-to-duty use of government vehicles requires all members of the SCO to be aware of the limitations of domicile-to-duty. It is based on the threat in a country, approved by the Secretary of Defense, and is reviewed every six months. It also is deemed a fringe benefit by the Internal Revenue Service and should be noted on a person's W-2 form each year they are authorized it.

The SCO will be involved with supporting a host of individuals that are not assigned to the SCO. It is incumbent on the SCO to insure that funding is provided by the individuals' parent organization to cover the additional expenditures required for these personnel.

SUMMARY

The SCO is faced with a daunting task in managing its resources. Through prudent management and oversight, the SCO can avoid any possible major pitfalls. The SCO is not alone; they are supported by many different organizations. They also must report to many different organizations determined by the source of funding and services provided.

The SCO will generally receive SA administrative funds for most of their SA budget requirements, but will also receive some O&M funds for their non-SA programs. It might also use FMS case funding or have support provided to them by the partner nation through contributed currency or AIK.

The SCO has several options available to them to fund ATFP but will start by requesting funds from DOS, and then the T-20 budget or O&M budget, and finally, the GCC.

The various types of funds do not flow directly to the SCO. The SA funds will funnel through DFAS-IN and contributed currency is channeled through the U.S. Treasury. The SCO has funding authority for these funds, sent by DSCA or the MILDEPs via the GCCs, depending on for what the service or item is being budgeted.

There are many players in the SCO budget process. Congress is appropriating some funds for the SCO. DOS will submit the appropriated portion of the SCO's budget to Congress annually. DSCA provides budget targets and fiscal oversight for SA funds. The MILDEP provides budget targets and fiscal oversight for O&M funds. The GCCs provide intermediary support and fiscal oversight for all types of funds. The embassy provides accounting and financial support as required to the SCO. The GFSC provides accounting support for DOS-processed transactions and DFAS-IN provides accounting support for all SA transactions. The SCO is responsible for developing its own budget and for effectively managing its funds. SAARMS has modules for budget preparation, budget execution and property accounting.

The SCO will receive representation funds to maintain the standing and prestige of the U.S. by extending official courtesies to authorized personnel. There are many rules and regulations that govern the use, record keeping, limitations of these funds and they are likely to receive more attention than any other single category of funds.

ICASS is a system for providing administrative services to the various organizations in a U.S. embassy. ICASS can be an effective tool for the SCO and other U.S. agencies within an embassy to control costs and manage the quality of services. Participation of service providers and customers is essential to the effective implementation of the ICASS program. There are various levels of groups that oversee the ICASS program and provide for conflict resolution.

There are several areas that typically cause problems that the SCO must be vigilant in preventing. An internal management control program will help prevent difficulties from negatively affecting the mission of the SCO. The SCO is faced with a daunting task in managing its resources but, through understanding, vigilance, and asking the right people the right questions, it can maintain a good resource management program.

REFERENCES

Foreign Assistance Act of 1961, as amended.

DOD 5105.38-M, *Security Assistance Management Manual*.

DODD 5105.75, *Department of Defense Operations at U.S. Embassies*.

DODD C-5101.81 5105.81, *Implementing Instructions for Department of Defense Operations at U.S. Embassies*.

DODI 5132.13, *Staffing of Security Cooperation Organizations and the Selection and Training of Security Cooperation Personnel*.

DOD 7000.4R, *Accounting for Obligations*.

DFAS-IN 7000.4-R, *Accounting for Obligations*.

DFAS SAO *Accounting Pamphlet* (Available in the SAN Budget Library).

DOD 7000.14-R, *Financial Management Regulation, Volume 15*, “Security Assistance Policy and Procedures”.

DFAS-IN 7200.1-R, “Administrative Control of Appropriations and Financing of Requirements”

AR 1-75, AFR 400-45, and OPNAVINST 4900.31G, *Administrative and Logistical Support of Overseas Security Assistance Organizations*.

CCR 12-2, *Security Assistance Policy Administrative and Management*.

CCR 37-1, *Resource Management System*.

CCR 37-7, *Official Representation Funds*.

CCR 37-13, *Management Control Program*.

CCR 37-15, *Administration of Security Assistance Organization Operating Funds*.

CCR 37-16, *Security Assistance Program Representation Funds*.

CCR 310-2, *Military Publication Travel*.

ATTACHMENT 17-1
NATIONAL SECURITY DECISION MEMORANDUM NUMBER 38



The White House
Washington, D.C.
June 2, 1982

National Security Decision Directive Number 38

Subject: Staffing at Diplomatic Missions and Their Constituent Posts

This directive supersedes the directive of October 14, 1974 and subsequent directives governing the Monitoring Overseas Direct Employment (MODE) system.

In accordance with my letter to Chiefs of Mission, and the memorandum of September 22, 1981, conveying it to heads of Executive Departments and Agencies, all agencies with staffs operating under the authority of Chiefs of Mission will ensure that, in coordination with the DOS, the Chiefs of Mission's approval is sought on any proposed changes in the size, composition, or mandate of such staff elements. Departments and agencies wishing to initiate changes should transmit their proposals to Chiefs of Missions in consultation with the DOS. In the event the Secretary of State or his designee is unable promptly to resolve to the satisfaction of the parties concerned any disputes which may arise between Chiefs of Mission and Agency Heads or his designee, the Secretary of State and the other Agency Head concerned will present the differing views to me for decision through the Assistant to the President for National Security Affairs. Formal acknowledgement of changes approved by Chiefs of Mission or determined by me shall be transmitted to diplomatic missions by the DOS.

Overseas staffing of elements with U.S. diplomatic missions abroad shall conform to decisions reached in accordance with the above procedures and decisions made through the budgetary process.

Departments and agencies will keep the DOS informed as to current and projected overseas staffing authorizations for each diplomatic post, differentiating between the number of U.S. personnel and the number of foreign national personnel authorized for each post. The DOS shall maintain a current record of staffing authorizations for each overseas post. Agencies will cooperate with the DOS in providing data including any data needed to meet special reporting requirements.

The DOS, in consultation with concerned agencies, will develop guidelines by July 1, 1982 for my approval to implement this directive.

//SIGNED//
RONALD REAGAN

ATTACHMENT 17-2
GUIDELINES TO IMPLEMENT NATIONAL SECURITY DECISION
DIRECTIVE (NSDD) NUMBER 38
JULY 13, 1982

These guidelines are issued pursuant to the Presidential Directive of 2 June 1982 on Staffing at Diplomatic Missions and Constituent Posts. These guidelines replace all guidelines and other agreements previously in effect under the Monitoring Overseas Direct employment (MODE) system.

The purpose of the Directive and these guidelines is to allow the flexible, systematic and expeditious deployment and management of personnel of all U.S. government agencies operating under the authority of Chiefs of Mission in support of U.S. foreign policy objectives.

These guidelines will ensure that the approval of Chiefs of Mission is sought by U.S. government agencies on proposed staffing changes for activities operating under the authority of Chiefs of Mission. The Chiefs of Mission will transmit their views on overseas presence to the Department of State, as department and agency representatives will communicate with their respective department/agency headquarters in this regard.

These guidelines also provide for the resolution of disagreements, should such arise between the Chiefs of Mission and department/agency representatives and between the Department of State and department/agency heads.

A. Requests for Changes in Staffing

1. Preliminary or exploratory consultation by the requesting agency with the Chief of Mission regarding staffing changes is encouraged. Such informal proposals may be initiated in Washington or by agency overseas representatives.
2. Formal requests for approval of staffing changes as required by the Directive must be made by the cognizant agency to the Chief of Mission in consultation with the Department of State. Copies of such requests will be provided to the Department of State.
3. The Chief of Mission will convey his views on formal requests to the Department of State. The point of contact in the Department of State for such matters is the Office of Management Operations (M/MO), Room 7427, (Since changed to the Office of Management Policy and Planning, M/P, Room 5214), Attention: Assistant for Overseas Positions. The Chief of Mission's response to the formal request should be addressed to that office for action. Copies of requests and responses will be given to the appropriate regional and functional bureaus in the Department of State and the requesting agency.

B. Resolution of Disagreements

1. If there are disagreements over staffing levels between Chiefs of Mission and agency heads, the views of both parties will be forwarded to M/MO (M/P) for immediate presentation to the Secretary of State for decision within 15 working days of receipt from M/MO.
2. If the Secretary of State is unable to resolve the issue to the satisfaction of the parties concerned, the Secretary and the Agency head concerned will present their respective views to the President for decision through the Assistant to the President for National Security Affairs.

C. Formal Acknowledgement of Changes

Changes in staffing levels at individual posts reached in accordance with the above procedures will be provided by telegram from the Department of State to the Chief of Mission, and the agencies concerned.

D. Staffing Authorization Records

The Department of State shall maintain a current record of staffing authorization for each overseas post. Staffing authorization is defined as all full-time, permanent, direct hire, United States government employees, including foreign nationals, and United States Military Personnel under the authority of a Mission Chief.

Departments and agencies will provide the current and projected overseas staffing authorization information, required by the directive, to the Department of State, Office of Management Operations (M/MO), Room 7427, (Since changed to the office of Management Policy and Planning (M/P), Room 5214), Attention: Assistant for Overseas Positions. That official will solicit additional information from departments and agencies when necessary to meet special reporting requirements as established by statute or as levied by the NSC, OMB, or the Congress.