Chapter

17 Resource Management for the Security Cooperation Organization

Introduction

Security cooperation organization (SCO) personnel are responsible for managing all the resources that are made available to the SCO. The majority of military and Department of Defense (DOD) civilians are familiar with annually appropriated DOD Operations 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. These disparate, complex programs, combined with a certain level of autonomy at a SCO, make it relatively easy for those responsible to lose accountability of resources. This chapter addresses the realities and requirements of resource management in the SCO, especially for the SDO/DATT position. 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, abuse, and mismanagement. The SCO implementation of management controls should consist of the following four elements:

1. Documentation—The SCO should document the procedures of the internal control program.
2. Instruction—The SDO/DATT should instruct all SCO members about the program's requirements.
3. Review—The SCO should conduct periodic internal reviews, with one element/sub-element 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.
4. Inspection—Periodic external audits, such as those from the Combatant Command (CCMD) Inspector General, should be conducted approximately every 18 months.

These four elements should minimize loss of resources due to fraud, waste, and abuse.

Human Resources

One of the key resource areas in a SCO is 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 a SCO for the management of the United States (US) security assistance (SA) to six, unless specifically authorized by the Congress. This provision does not apply to civilian billets or to CCMD SC billets within the SCO. This limitation for SA related staffing may be waived if the President determines that US national interests require more than six such personnel. Changes to the SCO's authorized staffing must follow the procedures outlined in attachment 17-2, *Guidelines to Implement National Security Decision Directive Number 38* (NSDD 38). 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.

Security Cooperation Office Personnel Authorizations

SCO staffing varies according to the SA and SC program workload, as determined by joint Defense Security Cooperation Agency (DSCA) and CCMD manpower surveys. The workload includes the volume of active Foreign Military Sales (FMS) cases, the number of students programmed for training, the volume of SC programs being managed, and other factors. As a general rule, more than 50 percent of an individual's workload must be performing SA functions in order to be funded from the Security Assistance Administrative Trust Fund. Billets primarily supporting SC programs not to include SA, are normally funded through the CCMD O&M program objective memorandum (POM) process. Once the authorized staffing is approved by DSCA and the Joint Chiefs of Staff (JCS), it is published to the CCMD's Joint Manpower Program (JMP). This document is maintained by the CCMD. There are a finite number of billets available world-wide and, as new requirements arise for a SCO, the CCMD and/or DSCA may require the billets be shifted from one SCO to another or from one CCMD to another. The following categories of billets, authorized for the SA workload of the SCO, may be reflected on a JMP:

- US military personnel. As indicated above, the number of those performing security assistance duties is reported annually to Congress and is subject to Congressional limitation.
- US civilian direct-hires. These DOD civilians are hired through the civilian personnel agency associated with the CCMD.
- Locally Employed Staff (LE Staff). A general term used for Foreign Service Nationals (FSNs) and resident US citizens who are employed at a post by a USG agency 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 LE Staff within a SCO include budget analyst, SA training manager, FMS case technician, administrative assistant, translator, and vehicle driver.

The following categories of billets may be present in a SCO but will not be reflected on the JMP:

- Personal Services Agreement (PSA). Personnel (local national personnel, US family members, or local non-official US personnel) hired under a limited-term (one year, extendable to ten years) contract to fill bona fide requirements in a SCO. PSAs can fill positions as noted above for LE Staff; however, PSA personnel cannot be contracted to perform duties that are required to be performed by a USG employee, such as certifying funds. The primary advantage in hiring a PSA is that it does not require NSDD 38 approval, whereas hiring LE Staff does.
- 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 the country's SA programs and work under the direction of the SCO. The partner nation may also have liaison officers assigned in the SCO.
- Case-funded personnel. In a few countries, the SCO includes personnel (US and non-US) whose services are paid for under an FMS case. These billets are on a relatively permanent basis, but the individuals may change based on the length-of-tour rules included in the case.

US military and civilian direct-hire personnel are compensated in accordance with relevant US laws and regulations. Locally employed staff are compensated in accordance with the local compensation plan (LCP), the embassy'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

Changes in Security Cooperation Organization Manpower

The SCOs and CCMDs 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 DOD Instruction 5132.13, *Staffing of Security Cooperation Organizations (SCOs) and the Selection and Training of Security Cooperation Personnel*, must be submitted to the JCS and DSCA through the CCMD.

Additionally, the COM 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 US embassy to the applicable COM, in consultation with the DOS. In reviewing his JMP, the SDO/DATT has the ability to narrow or broaden the required or preferred background, skills, and prior training specified for any given billet. This often requires 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 DODI 5123.13. Requirements for nomination to a 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 CCMD, the ambassador, and the SDO/DATT retain final selection rights.

Funding Resources

There are several types of funds and assets that a SCO may manage. They come primarily from the Security Assistance Administrative Trust Fund and from operations and maintenance funds. In this section, we will discuss these sources of funds. Typical expenditures 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

The Security Assistance Administrative Trust Fund is primarily sourced from the mandated administrative surcharge added to FMS cases. The other portion of this trust fund is sourced through Congressional appropriations under the Foreign Operations Authority U.S.C. Title 22. These appropriated funds generally account for about half of the total SA administrative budget. For SCO purposes, the Defense Finance and Accounting Service–Security Cooperation Accounting (DFAS–SCA) in Indianapolis, IN consolidates these funds into a single funding source for the SCOs, the CCMD headquarters, and other DOD activities.

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

SA Admin funds allocated to the CCMD 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 CCMDs.

Operations and Maintenance Funds

The CCMD provides O&M funds for support of the DOD or CCMD security cooperation programs other than SA in the country. These funds are used for the same types 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) funds in the Army
- O&M Navy (O&MN) funds in the Navy

Congress authorizes and appropriates O&M funds for the support of US forces under U.S.C. Title 10. The SCO uses these O&M funds for SC Other Than SA requirements of the SCO. These funds are managed by the CCMDs, MILDEPs, DOD agencies and components, and are identified with the specific programs that authorize the funds. Each of these O&M funding programs will have its own rules and procedures to be followed. The SCOs who have security cooperation billets on their JMP are required to prepare and execute a separate budget for each of the authorized programs.

Partnership for Peace

The Partnership for Peace (PfP) fund is annually appropriated for DOD by Congress, in support of US 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 CCMD 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 CCMD. The CCMD 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 Fund (CCIF) is controlled in accordance with DODD 7280.4 by the Chairman of the JCS. A CCMD 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 CCMD in the same manner as other O&M funds.

Counternarcotics

The counternarcotics (CN) funds are appropriated to DOD for the support of US 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 US 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 (IAC)

The IAC program provides O&M funds in support of the US personnel authorized under the JMP of the CCMD 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 CCMD 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 CCMD. The CCMD 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 CCMD 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; they are provided by the owning organization as needed.

Assistance-in-Kind

Assistance-in-Kind (AIK) is generally non-monetary support of SCO operational requirements, typically including office space, transportation, utilities, or personnel. AIK support is provided for operational requirements that would normally be funded using SA administrative, FMS case, or O&M funds. The range of support to be provided under AIK is decided by a bilateral agreement signed between the US and the partner nation.

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 CCMD, by agreement, being responsible for ATFP at selected SCOs and all personnel assigned there, i.e., the DCA officer. DOS will, therefore, be the first place to look for funding of ATFP requirements. If sufficient funds are not available in from the DOS, then the SCO should submit an unfunded requirement (UFR) to the CCMD 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 US military personnel at a 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 US 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. These 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.

Military pay is not budgeted by the SCO but paid directly by each member's military service. DSCA centrally funds for all US 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 a SCO might have and should not be considered an all-inclusive list. Table 17-1 shows the makeup of SCO Bandaria by position.

Table 17-1
Security Cooperation Office Bandaria
Make Up and Funding Source

JMP Position	Name	Grade	Type Funds
ODC Chief	COL Dave Encharge, USA	06	SA Admin
Secretary (US Civlilian)	Ms. Mary Noit	GS	SA Admin
Budget Analyst (LE Staff)	Ms. She Counts	LES	SA Admin
Training Assistant (LE Staff)	Mr. Kan Sendum	LES	SA Admin
Armaments Cooperation	Lt Col Terry Helper, USAF	05	O&M (DCA)
Logistics-Plans Coordination	MAJ Don Supli, USA	04	O&M (CCMD)

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 teenage children, for a total of three sponsored dependents. His house is rented, not provided through a government lease, so he uses service-provided BAH and OHA to pay the rent on his house in Bandaria. SA Admin pays the cost of his children's private school; pays for the purchase of office supplies and equipment; and funds his SA-related travel. He and his dependents are also authorized funded environmental morale leave (FEML), since they are assigned to an austere location. 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 US Army pays his salary.

Ms. Mary Noit, the secretary, has no dependents. Because she was hired locally, she does not receive any housing, dependent education, or transportation entitlements. There are a few US civilians that receive these entitlements, but only if they have a transportation agreement. SA Admin funds pay her salary, for her office supplies and equipment, and any SA-related travel costs she may have.

Ms. She Counts and Mr. Kan Sendum are local nationals. As LE Staff, housing and dependent education are not paid for using any type of SCO funds. SA Admin funds pay their salaries, for the purchase of their office supplies and equipment, and any SA-related travel.

Lieutenant Colonel Terry Helper has no dependents. The US Air Force pays her salary and the BAH and OHA to rent her house in Bandaria. DCA funding pays for the purchase of her office supplies and equipment, and for any DCA–related travel. T-20 pays for any SA-related travel.

Major Don Supli has one sponsored dependent and the US Army pays his salary. He uses BAH and OHA to pay the rent on his house in Bandaria. CCMD O&M funds pay for the purchase of his office supplies and equipment, and funds CCMD-related travel.

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 only 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 cost accounting methods can be employed; one method would take the square footage allocated to each person and use that to determine how much each owes. In this example, the SA Admin-funded personnel occupy 64 percent of the office, the DCA billet occupies 18 percent, and the CCMD-funded billet occupies the other 18 percent. The correct method of funding is for T-20 funds to pay 64 percent, DCA funds to pay 18 percent, and CCMD funds to pay 18 percent.

Now, examine 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 CCMD 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 an 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 CCMD resource manager and/or legal office.

Flow of Funding Authority for the Security Cooperation Office

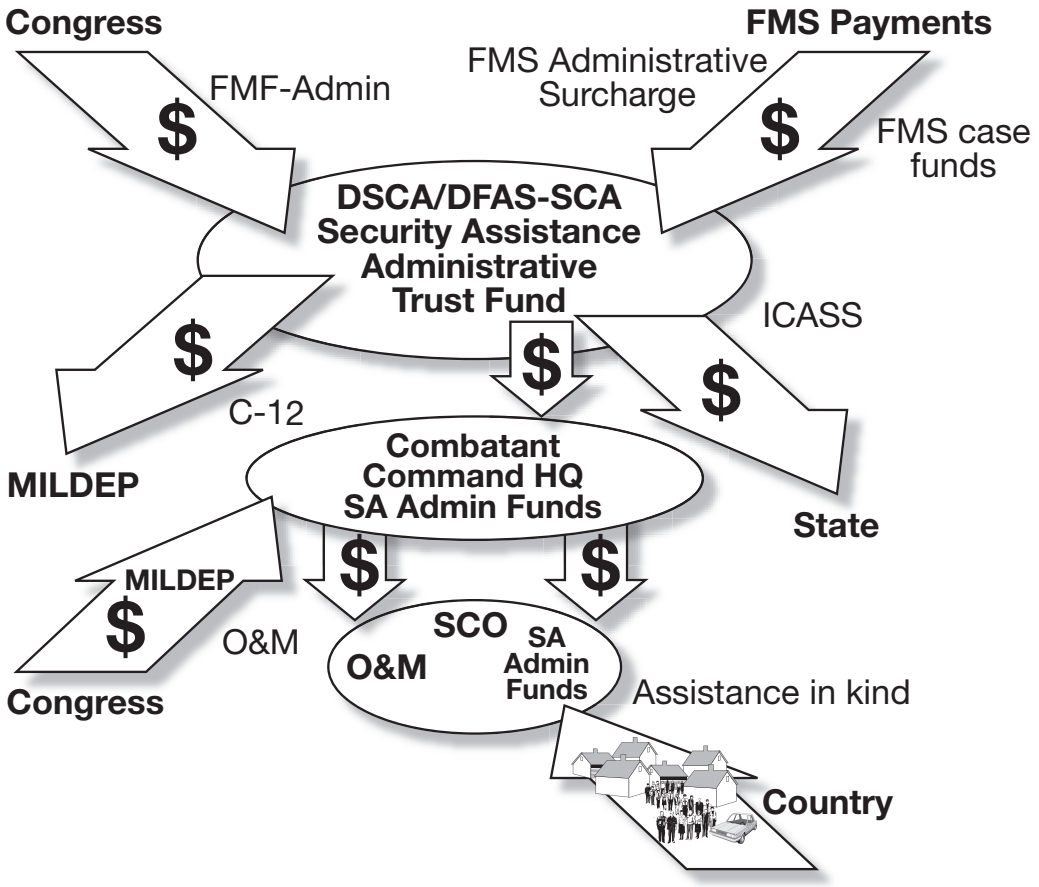
The flow of funding authority to the SCO is complicated, due to the number of funds, the types of activities, and the number of organizations involved. This process can, however, be broken down into some key basic concepts.

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

Funding authority for the SA administrative functions of the CCMD is sent to the CCMD and referred to as HQ SA Admin funds. Funding authority for the SCO SA funding requirements is sent to the CCMD 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).

The bottom left of the chart shows the flow of Congressionally-appropriated O&M funds to the CCMD and MILDEPs. The MILDEPs also distribute these O&M funds to the other SC organizations that require O&M funds. The CCMDs then provide the necessary O&M funds to the SCO.

Figure 17-1
Flow of Funds



Security Cooperation Office Budget Organizations

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

- Congress
- DOS
- DSCA
- MILDEPs
- CCMD
- SCO
- Embassy
- Global Financial Service Center (GFSC)
- DFAS–SCA

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–SCA.

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 CCMDs 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 CCMDs as a lump-sum dollar value. This allows the CCMDs 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 disburses funds to the DOS for SCO ICASS costs. DSCA also centrally funds USCG salaries and the C-12 aircraft program.

The MILDEPs, as executive agents to the CCMDs, provide budget policy and guidance on the use of O&M funds. They review and approve the O&M budgets for the CCMDs. They also prepare the annual Program Objective Memorandum (POM) submission for the DOD to obtain the funds required. The executive agents for the CCMDs are 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 CCMDs issue policies 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 CCMDs review and modify the individual SCO budgets as required and then submit consolidated budgets to DSCA for SA requirements and to the executive agent for O&M requirements. The CCMDs then issue the obligation authority/fund certification authorization (OA/FCA) to the SCO as funding becomes available. This gives the SCO authority to obligate the USG to expend dollars. At the same time the OA/FCA is issued to the SCO, the CCMDs notify DFAS–SCA, 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 CCMDs are also responsible for overseeing SCO funds management and implementation.

The SCOs prepare their proposed budgets and submit them to the CCMDs. If the budget request exceeds the target level provided by the CCMD, 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*, 28 September 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–SCA and entered into the official DFAS accounting records. This information, plus payment information submitted through the DOS accounting system (Momentum) and received by DFAS–SCA, 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 a 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 Global Financial Service Center (GFSC). 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 performed for the SCO.

The GFSC 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 them. The disbursements are also reported to DFAS–SCA for all SA disbursements. There are currently two GFSCs, located in Bangkok, Thailand, and Charleston, South Carolina.

DFAS–SCA 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 CCMDs for dissemination to the various SCOs. DFAS–SCA 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 via SAARMS. DFAS–SCA, in conjunction with the SCO, reconciles the records posted from DOS with those posted from the SCO. DFAS–SCA is also required to perform departmental reporting to the Office of Management and Budget (OMB).

Representation Funds

Representation funds are used to maintain the standing and prestige of the US 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 CCMD 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 person coordinating the VIP visit 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 should only be presented to non-USG officials. Non-personal invitations, such as an invitation from SCO Bandaria, rather than from Colonel Encharge, can be bought with these funds. The SCO should refer to DODI 7250.13 for additional guidance, including a list of prohibited items.

Representation Fund Event Attendance Limitations

Invited guests should be limited to the minimum number required to meet the representational mission. However, the number of distinguished guests must be at least 20 percent of the attendees when the number of attendees is no more than thirty people and at least 50 percent when the number of attendees is more than thirty people. The SCO should refer to the CCMD regulations for additional limitations.

Representation Fund Records

Detailed records of all expenditures of representation funds must be maintained. Guest lists indicating invitees and attendees will be recorded for each event. The distinguished guests and party will be indicated and the ratio of distinguished guests to US personnel annotated. Financial records of all expenditures must be recorded as well as perpetual inventories of mementos and expendable items, to include documenting the date of presentation, the memento that was given, to whom it was given, and the reason for presentation.

International Cooperative Administrative Support Services

The International Cooperative Administrative Support Services (ICASS) program is a system for reimbursing the DOS for providing administrative services to the various organizations comprising the US mission in a partner nation. Key elements of ICASS include customer participation, local empowerment, and transparency.

The customer is defined as any organization using the various services available in the embassy. Although customers are involved in the selection of service providers, they can select a provider other than the one selected through ICASS; however, this should be done only after careful consideration of the total impact on the USG and future availability of the alternate source. Although service providers can be either USG agencies or local vendors, the DOS or US Agency for International Development (USAID) will provide the majority 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 the 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 fifteen days. 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 agency representative signs an ICASS memorandum of understanding (MOU), which defines the services that will be provided and 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. Each customer completes 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, with the SDO/DATT representing 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 Chief of Mission (DCOM) is an ex-officio member of the ICASS council, providing policy perspective to aid in resourcing decisions but is not a voting member. The DCOM 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, DC 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 ICASS Interagency 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 ICASS Interagency 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 fourteen-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; rightsizing is the mechanism by which DOD can minimize its footprint in the embassies and thereby reduce overall CSCS costs. For FY 2014 through FY 2016, DOS will be paid by its tenant agencies for billets at the following rates:

- Controlled Access Area (CAA) Office—$76,017
- Non-CAA Office—$ 11,429
- Non-Office (warehouse)—$2,893
- Non-embassy space—$0

Based on these rates, every effort must be taken to minimize the number of billets within the CAA. 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 CCMDs to the SCOs for action. Each SDO/DATT or his/her designated representative must review this document with the SCO joint manning document provided by the CCMD and verify that each entry in the DOS Post Administrative Support System (PASS), maintained by the Administration Section or Human Resources Office, is correct. SDO/DATTs should also check organization title, job titles, numbers of personnel, location within the embassy (CAA, non-CAA, etc.), or external non-embassy space. The accuracy of this review is critical, since DOD pays DOS 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 CCMDs or by DSCA.

For DSCA, the purpose of the review is to ensure that DOD pays DOS 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, as noted above: SA (T-20) and O&M. DSCA is responsible for the SA positions; the CCMDs 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 a 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 SDO/DATT, the DSCA Comptroller is notified through the respective CCMD. If any discrepancies arise that cannot be resolved at the embassies, the SDO/DATT should immediately forward them through the CCMD 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 applications that assist the SCO in managing its resources. SAARMS currently consists of three computer applications:

- Budget Execution application
- Budget Preparation application
- Property application

The Budget Preparation application automates the SA Admin budget preparation for the SCOs and CCMDs. It is a web-based application that provides the capability for the SCO to develop and modify their budget. The CCMD 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 SA Admin fund budget submissions, if so desired.

The Budget Execution application serves as the web-based SA funds management system. The application provides the SCO with recording and reporting capability and meets generally accepted accounting standards. The application has built in controls to preclude over-obligation of the OA/FCA amount and provides fund control by management categories as specified by the CCMD. Obligations are created, disbursements are recorded, and required reports can be generated by the application. The application also transfers data to DFAS–SCA for entry into the official accounting system. The Budget Execution application is used to manage SA Admin funds and expenditures but can be used for the SCO's other types of funds as well.

The Property application serves as the SA property management system. A stand-alone application, it standardizes property management throughout a CCMD. The application 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. For SA Admin funds, DSCA provides a target ceiling level for each CCMD and notifies them of what information is required, when it is required, and with what details. The Executive Agent service performs this same role for O&M funds. The CCMDs then provide a target ceiling level for each SCO and notify them of what to provide to the CCMD and the due date. Typically, this process begins around May, with the publication of the DSCA budget call. However, many of the CCMDs 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 SDO/DATT's narrative, detailed descriptions, and financial requirements summarized by object class. The SDO/DATT'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 fiscal years of data, to include:

- Past FY (actual costs)
- Current FY(actual costs plus estimations 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 (LE Staff 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, USCG, and FSN severance pay) are included in the budget as special exhibits, 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. These items are fully defined in the *SAARMS Budget Preparation User's Handbook*, found in the Budget Library on the SAN Web:

- C-12 flying hours
- Resource Allocation (workload distribution)
- Unfunded requirements

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 either mission-essential or 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 may be submitted as an unfunded requirement. The CCMD reviews and modifies the budgets submitted by each SCO. When the CCMDs are satisfied with their budgets, DSCA reviews the overall budget and prepares it for submission to DOS 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 CCMDs with their approved allotment on a quarterly basis. CCMDs 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 day-to-day operations, and the SAARMS Budget Execution program is used to record the following transactions and to aid the SCO in managing its resources wisely:

- Obligating funds
- Recording payments
- Reconciling records with DFAS–SCA

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 five 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
- DFAS can pay the vendor by 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 regular intervals based on the size of the SCO, and at the end of each fiscal year, 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 application provides three kinds of reports: budget operation reports, including document history, open/closed documents, and reconciliation; record submission reports, including transaction summary and miscellaneous obligation document; and management reports, including status of funds and obligation plan.

The SDO/DATT 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 CCMD 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 SDO/DATT and CCMD should review this report periodically to ensure 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 SDO/DATT 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 SDO/DATT 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 reconciliation report is used to reconcile SAARMS and DFAS records. This is arguably the most important report in SAARMS.

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 CCMD approval is required for any lease (plus annual utilities) over $50,000 of the SA Admin funds. The CCMD can approve new and replacement leases for less than $50,000 or delegate this approval to the SDO/DATT; however, the SDO/DATT may not approve the lease for his or her own quarters.

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

Only the CCMD 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, is 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 may be noted on a person's W-2 form each year it is authorized.

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 ensure 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 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. The SCO might also use FMS case funding or have support provided to them by the partner nation through AIK. The SCO has several options available to them to fund ATFP but will start by requesting funds from DOS, then the T-20 or O&M budget, and finally, the CCMD.

The various types of funds do not flow directly to the SCO. The SCO has funding authority for these funds, sent by DSCA or the MILDEPs via the CCMDs, depending on what service or item is being funded. The actual SA funds will be accounted for and disbursed by DFAS–SCA.

There are many players in the SCO budget process. Congress appropriates 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 MILDEPs provide budget targets and

fiscal oversight for O&M funds. The CCMDs provide intermediary support and fiscal oversight for all types of funds. The embassy provides accounting and finance support as required to the SCO. The GFSC provides accounting support for DOS-processed transactions, and DFAS–SCA provides accounting support for all SA transactions. The SCO is responsible for developing its own budget and for effectively managing its funds. SAARMS is the software suite that provides budget preparation, budget execution, and property accounting support.

The SCO will receive representation funds to maintain the standing and prestige of the US by extending official courtesies to authorized personnel. There are many rules and regulations that govern the use, record keeping, and 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 US embassy. ICASS can be an effective tool for the SCO, and other US 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

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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 Directive Number 38

The White House
Washington, DC
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 US 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 US 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 USG agencies operating under the authority of Chiefs of Mission in support of US foreign policy objectives.

These guidelines will ensure that the approval of Chiefs of Mission is sought by USG 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 DoS, 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 DoS 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 DoS. Copies of such requests will be provided to the DoS.

3. The Chief of Mission will convey his views on formal requests to the Department of State. The point of contact in the DoS 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 DoS 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

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

D. Staffing Authorization Records

1. The DoS 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.

2. Departments and agencies will provide the current and projected overseas staffing authorization information, required by the directive, to the DoS, 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.