

RESOURCE MANAGEMENT FOR THE SECURITY ASSISTANCE ORGANIZATION

INTRODUCTION

The security assistance organization (SAO) is accountable for all human, materiel, and fiscal resources that are made available to it from the security cooperation programs authorized and funded by various laws. More security assistance (SA) personnel have been lost to fraud, waste, or abuse due to the mismanagement of resources than to terrorism. Budget clerks were fired. Budget officers and SAO chiefs have been relieved of duty. This is due to the perceived autonomy at an SAO, the number of different types of funds and resources available, and the seemingly complex rules and regulations applied to each. The majority of active duty 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 operations. At the SAO however, there may be a variety of programs, each with its own funding and requirements for implementation.

Human Resources

Section 515 of the Foreign Assistance Act (FAA) contains a variety of provisions dealing with the organization and roles of SAOs. These provisions limit the number of members of the armed forces permanently assigned to a SAO for the management of United States (U.S.) assistance and sales programs to six, unless specifically authorized by the Congress. This provision does not apply to civilian billets or to combatant command (COCOM) non-security assistance (SA) military billets within the SAO. This limitation for SA related staffing may be waived if the president determines that U.S. national interests require more than six such personnel.

Changes to the authorized staffing of the SAO must follow the procedures outlined in Attachment 17-2, Guidelines to Implement National Security Decision Directive (NSDD) Number 38. This applies to all security cooperation staffing.

Security Assistance Office Personnel Authorizations

SAO staffing varies according to the SA workload and the workload associated with the other security cooperation programs. This staffing for SA is based on the above criteria and joint Defense Security Cooperation Agency (DSCA)/ COCOM manpower surveys. The workload of SAO is assessed to include the volume of active foreign military sales (FMS) cases, number of students programmed for training, and other factors. As a general rule more than 50 percent of an individual's workload must be for performing SA functions to justify a billet to be funded from the SA administrative trust fund. Once the authorized staffing is approved it is specified in the appropriate section of the COCOM's joint manpower program (JMP). This document is maintained by the COCOM, and requires the concurrence of DSCA and the Joints Chiefs of Staff (JCS). The following categories of billets authorized for the SA workload of the SAO 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 COCOM.
- **Local compensation plan (LCP).** A foreign service post's official system of compensation for locally employed staff established in accordance with Section 408 of the Foreign Service Act of 1980, as amended (22 U.S.C. 3968). The LCP consists of the salary schedule and salary rates, statements authorizing various types of benefit payments and premium pay rates, and other pertinent facets of local compensation.
- **Locally employed resident U.S. citizen (AMCIT).** An ordinarily resident U.S. citizen who is a legal resident of and has a work and/or residency permit in the host country, and is employed under a direct-hire appointment, a personal services contract, or a personal services agreement at a foreign service post abroad by a U.S. government (USG) agency or establishment that is under a chief of mission (COM).
- **Locally employed staff (LES).** The general term used for foreign service nationals (FSNs) and ordinarily resident AMCITs. LE staff are employed at a foreign service post abroad by a USG agency or establishment that is under COM authority and are paid under a local compensation plan. Typical jobs for LESs within a SAO include budget analyst, SA training manager, FMS case technician, administrative assistant, translator, and vehicle driver. These individuals have also been referred to as FSNs.
- **Personal Services Agreement (PSA).** This is a 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 bonafide requirements in an SAO. PSAs can fill positions as noted above for LES/FSN. The primary advantage to 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 SAO must justify the position, provide a job description, and request funding from the COCOM. The COCOM 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.”
- **Assistance-in-Kind (AIK).** The partner nation government may, in accordance with a bilateral agreement, assign local ministry of defense (MOD) personnel to the SAO. These personnel perform administrative and/or management functions on country SA programs and work under the direction of the SAO. They will not be reflected on the JMP. The partner nation may also have liaison officers assigned in the SAO.
- **Case funded personnel.** In a few countries, the SAO includes personnel (U.S. and non-U.S.) whose services are purchased under a 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 SAO JMP.

There are a finite number of billets available world-wide and as new requirements arise for an SAO the COCOM and/or DSCA may require the billets be shifted from one SAO to another or one COCOM to another.

Security Cooperation Personnel Authorizations other than for Security Assistance

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 COCOM operations and maintenance (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.

The billet 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 SAO 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 the authorizes and funds those functions.

Changes in Security Assistance Organization Manpower

The SAOs and COCOMs should review JMPs at least annually to ensure that SAO manning conforms to established policy for effectively managing SA and security cooperation programs. When changes are required for SAO JMPs (or when JMPs are required for new SAOs), 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 COCOM.

Additionally, the concurrence of the ambassador must be obtained for any changes affecting the size, composition, or mission of the SAO. The NSDD Number 38, *Staffing at Diplomatic Missions and Their Constituent Posts*, (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 Department of State (DoS). In reviewing his JMP, the SAO 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 SAO 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 Assistance Organization Selection

Personnel are nominated to SAO positions in accordance with DoDD 2055.3. Requirements for nomination to an SAO may entail slightly different criteria from the norm with respect to civilian education, training, language qualifications, military schooling, experience, area familiarity, health, and family considerations. However, a nomination does not assure the job, because the area combatant commander, the ambassador, and the SAO chief retain final selection rights.

FUNDING RESOURCES

There are several types of funds and assets that an SAO may manage. They include SA administrative funds, FMS case funds, contributed currency, and various types of operations and maintenance funds. "Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law". [31 U.S.C. 1301] AIK is not a type of fund but it is included in this chapter because a country providing AIK offsets the SAO's budget. The Provisions on Uses of Funds, Section 636 of the FAA identifies specific categories for which SA funds may be expended.

Security Assistance Administrative Trust Fund

The SA administrative trust funds allocated to the SAO are referred to as T-20 funds. These funds pay for the SA mission requirements of the SAO. Typical expenditures would be for operational and overhead expenses, utilities, rent, TDY, office equipment, civilian salaries, selected entitlements and other requirements that directly support the authorized members of SAO conducting SA activities.

SA administrative trust funds allocated to the HQ COCOMs to manage SA programs are referred to as HQ T-20 funds. The HQ T-20 funds pay for the SA operational requirements of these activities.

SA administrative funds are referred to as administrative surcharge funds because they have been primarily sourced from the mandated administrative surcharge added to foreign military sales (FMS). A portion of the SA administration 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 10 percent of the total SA administrative budget. For SAO purposes Defense Finance and Accounting Service-Indianapolis Center (DFAS-IN) consolidates these funds into a single funding source for both the SAOs and the COCOM headquarters and other DoD and military department (MILDEP) activities.

Foreign Military Sales Case Funds

Some FMS cases provide funding for the administration of that case or the administration of a program for a country (or international organization) to purchase equipment, spares, support to the country, or to support specified activities of the SAO. These funds are provided on a program management line or a defined order line. The defined order lines or cases would be prepared to cover the costs of specified support.

FMS case funds are provided from the customer country or, as applicable, the U.S.-provided foreign military financing program to be held by the U.S. within the FMS trust fund account.

A few countries have signed cases to provide funding for support of the SAO presence in their country. FMS case funds may pay for some of the SA operational requirements of the SAO. Typical expenditures would be for utilities, rent, TDY, office equipment and other requirements that directly support the SAO. These funds are used to fund support that would normally be budgeted with T-20 funds.

Generally FMS case support funds are used to fund continental U.S. (CONUS) personnel, SAO 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 SAO 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 SAO travel in support of a specific program. The SAO 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 SAO TDY for a PMR when the PMR is the only FMS review for that country and the entire country plan is reviewed and not limited to one or two specific programs. The SAO should request permission of the COCOM resource manager for permission to use T-20 funds for this category of PMR.

Operation and Maintenance Funds

Operation and maintenance funds are provided by the COCOM for support of the DoD or COCOM security cooperation programs other than SA in the country. These funds are used for salaries, exercises, training, operations, and overhead costs. They are known as

- Operations and maintenance Air Force (O&M)
- Operations, maintenance and armaments funds (OMA) in the Army
- Operations and Maintenance Navy (O&MN) in the Navy

These are DoD funds traditionally provided for the purpose of operating and maintaining United States (U.S.) forces. 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 security cooperation other than SA requirements of the SAO. These funds are managed by the COCOM, MILDEPs, DoD agencies and components. O&M funds are identified with the specific programs authorizing the funds. There are many O&M funding programs that the SAO may encounter and as such each may have its own rules and procedures to be followed. The SAOs who have security cooperation billets on their JMP are required to maintain a separate budget(s) and budget execution procedures for each of the authorized programs.

Partnership for Peace

The partnership for peace (PfP) fund is annually appropriated for DoD specifically in support of U.S. efforts with countries participating in the North Atlantic Treaty Organization's (NATO's) PfP program. The program is in direct support of partner countries becoming more operationally compatible with NATO forces. The funds are provided by the COCOM to component commands, the defense attaché offices (DAOs) and/or the SAOs for implementation of the program.

Traditional Combatant Commander Activities

The traditional COCOM activities (TCA) funds are to conduct military-to-military contact and comparable activities that are designed to encourage a more democratic orientation by defense establishments and military forces to other countries. The SAO submits the proposed projects and estimated cost to the COCOM. The COCOM approves the projects and then when funding is available provides the funding to the SAO to execute the project.

Combatant Commanders Initiative Fund

The COCOMs initiative funds (CCIF) are controlled in accordance with DoDD 7280.4 by the chairman of the JCS. A COCOM may request this funding in support for 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 related civilian personnel of foreign countries, and for personal expenses of defense personnel for bilateral and regional cooperation programs. These funds are used for a single project and not a source of funding for a continuing project. Once the funding authority is granted, the funds are managed by the COCOM 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 SAO may be involved in FMS case management of those funds. Additionally the International Narcotics Control Act (INCA) provided funds managed by the DoS (DoS) that are used to pay for DoD-provided material, services, or training via the FMS process or direct commercial sales (DCS).

Defense Cooperation in Armaments

The defense cooperation in armaments (DCA) provides the O&M funds in support of the U.S. personnel authorized under the JMP of the COCOM for DCA activities. The term "DCA" is used in the law that originally authorized this program. Since the program was established, the under secretary of defense for acquisition, technology and logistics [USD (AT&L)] (the DoD program manager) has adopted the term "IAC" which is now the accepted term. These funds are allocated to the COCOM and are managed the same as other O&M funds. The SAOs who have DCA billets on their JMP are required to maintain a separate budget and 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 SAO will be involved in the management of this program and overseeing the use of these funds. The SAO does not budget for these funds; they are downward directed.

Humanitarian Assistance

Humanitarian assistance funds may be allocated for use to assist the partner nation in construction of needed infrastructure, schools, and hospitals. The SAO will be involved in the management of this program and overseeing the use of these funds. The SAO submits the proposed projects and estimated cost to the COCOM. The COCOM approves the projects and then when funding is available provides the funding to the SAO to execute the project.

United States Code Title 10 Programs

The Title 10 programs are special programs that the SAO may be involved with. The COCOM centrally manages the Title 10 program. This program is referred to as Title 10 and should not be confused with the fact that it gets its name from the same authorizing legislation that Congress provides for all 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 SAO does not budget for these funds, they are downward directed.

Assistance-in-Kind

AIK is non-monetary support of SAO 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. These funds are sent to the U.S. Treasury and provided indirectly to the SAO.

Typical monetary expenditures would be for utilities, rent, TDY, office equipment, and other needs that directly support the SAO. 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 SAO budget but paid by the partner nation.

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 SAO. These funds are often used for such items as weight lifting and exercise equipment. The SAO does not budget for these funds, they request them on an as needed basis.

Housing is typically provided or funded for members of the SAO in one of four ways. The first method is a private lease obtained by the SAO 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 SAO. The lease can be through the embassy housing pool or handled separately by the SAO. SAO-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 SAO will be involved with housing if the SAO is paying for the lease but OHA and BAH are paid by the service directly to the military member. Neither the SAO, 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 SAO but paid directly by the 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 convoluted and sometimes confusing use of various types of funds. This example only identifies a few of the expenses that each person might have and should not be considered as an all-inclusive list. Table 17-1 shows the make up of SAO Bandaria by position.

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

JMP Position	Name	Grade	Type Funds
ODC Chief	COL 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 (UCOM)

Anti-Terrorism and Force Protection Funding

Anti-terrorism 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 COCOM, by agreement, being responsible for ATFP at selected SAOs 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. That said, many times in this austere funding environment, the DoS will not always be able to fund these requirements.

Due to the importance of AFTP, other sources of funds should then be pursued. The first thing that must be considered in seeking other sources is who the ATFP requirement is going to support.

The SAO should look at using their T-20 budget if the requirement is to support personnel in a T-20 funded billet. If sufficient funds are not available in that budget then they should submit a T-20 unfunded requirement (UFR) to the COCOM to pay for this deficiency. A statement from the embassy regional security officer (RSO) that the security requirement is valid and DoS does not have funding should be included with the UFR. The SAO's O&M budget should be used for O&M billets or a request for COCOM O&M funds if the SAO's funds are insufficient. FMS funds should be used for FMS case-funded billets.

There are a few other options if none of these avenues work out. The SAO can work with their COCOM representatives to request the use of service executive agent funds or DoD combating terrorism readiness initiative funds. The bottom line is that to meet an ATFP requirement the SAO should pursue every known source of funds.

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 SAO 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 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 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 SAO 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. COCOM O&M funds pay for the purchase of his office supplies and equipment and funds COCOM-related travel. The U.S. Army pays his salary.

The SAO does not use office space in the embassy but has an office next to the MOD. The country of Bandaria provides this office to the SAO at no-cost as AIK. The Bandarians have also decided to provide vehicles for SAO personnel use under an FMS case. A case was written to lease four Jeep Grand Cherokees to include their maintenance. The SAO separately pays for the fuel for these vehicles.

Now, an examination of some of the more interesting items that come up on a daily basis in the office must be conducted.

Colonel Encharge will not be able to attend the next COCOM SA conference and decides to send Lieutenant Colonel Helper in his place. In this case, although Lieutenant Colonel is mainly funded using DCA funds, he will be performing a SA mission and therefore is authorized to use T-20 funds to pay the cost of his TDY.

The Bandarians provide the office building but the SAO must pay for all utilities. The bill for electricity sent to the SAO is for one lump sum of 2,600bd (\$1,300.00) for the entire office. Each funding source must pay for its own requirements. Various cost accounting methods can be employed but 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 COCOM-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 COCOM funds to pay \$234.00.

Colonel Encharge decides to print holiday cards to send to Bandarian military and civilian personnel the SAO works with. The types of funds available to fund this would normally be limited to the types of funds available to the SAO to include T-20, FMS case funds, and the various types of

O&M. However, in this case none of these funding sources are appropriate because U.S. regulations do not allow the SAO to fund general holiday cards. Some of these restrictions will be covered later in the chapter in the section for representational funds. If one thinks that something is an inappropriate use of SAO funds there is a good chance that it is NOT appropriate. Any time that one is not sure of the funding source or the legality of expending funds for an item, the SAO should check with the COCOM resource manager and/or legal office.

FLOW OF FUNDING AUTHORITY FOR THE SECURITY ASSISTANCE OFFICE

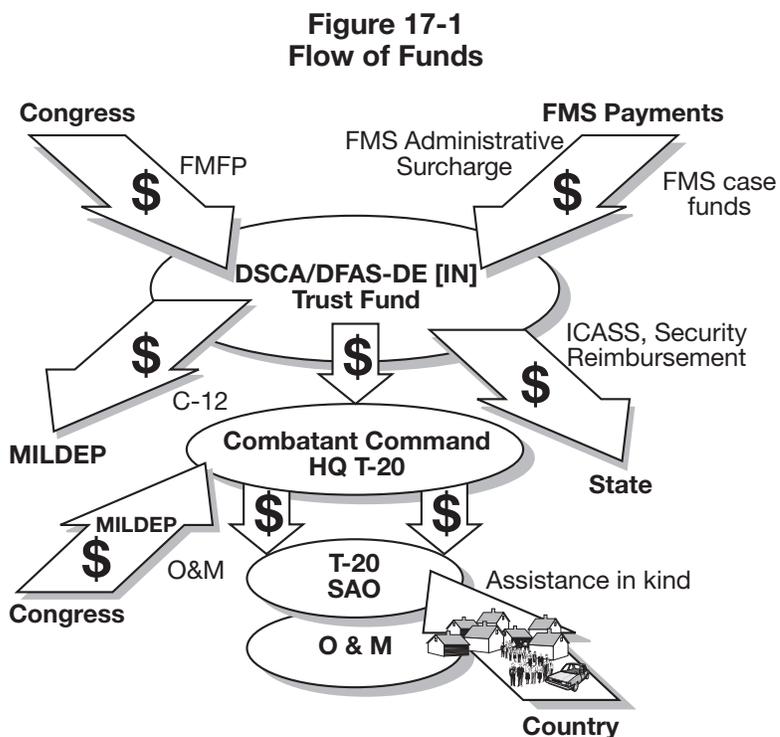
The flow of funding authority to the SAO is complicated due to the number of funds, types of activities, and number of organizations involved. This process can, however, be broken down to some key basic concepts.

The SAO does not receive actual money instead, he receives an authority to create obligations against the SA administrative trust fund. At the center of the management of funds is the DFAS-IN and DSCA. DSCA approves the budgets for the SAOs and the COCOMs, while DFAS-IN is responsible for management and accounting of SA administrative trust fund.

Funding for administration of the SA programs is provided from two sources, collection of the administrative surcharge on FMS cases and congressional 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 COCOM or directly to the SAO.

Figure 17-1 graphically depicts the flow of funding authority from the sources of funding to the SAO. Starting at the top, the primary fund the SAO deals with is the T-20 authority. The top left shows the flow of funding authority provided by Congress for SA administration-related requirements for grant programs i.e., foreign military financing (FMF). These funds are allotted to the DFAS-IN SA administrative trust fund account. The top right shows the flow of funds from the FMS administrative surcharge and FMS case funds. These funds are accounted for in the DFAS-IN administrative trust fund account. Funding authority for the SA administrative functions of the COCOM and SAO is sent to the COCOM and to the SAO. Funds remain at DFAS-IN for DSCA and DFAS-IN requirements. Funds are sent to DoS to pay for international cooperative administrative support services (ICASS) and SAO security costs. These are indirect costs and centrally funded by



the Trust Fund. Funds are sent to DoS to pay for international cooperative administrative support services (ICASS) and SAO security costs. These are indirect costs and centrally funded by

DSCA. HQ T-20 funds are direct costs. The funding authority sent to the COCOMs to cover the SA funding requirements is called HQ T-20 funds. Funding authority for the SAO SA funding requirements is sent to the COCOM for further distribution to the SAOs. The bottom left of the chart shows the flow of congressionally appropriated O&M funds to the COCOM and MILDEPs. The MILDEPs also provide these O&M funds to the other SA organizations that require O&M funds. The COCOMs then provide the necessary O&M funds to the SAO. The final input is the AIK provided by the partner nation.

SECURITY ASSISTANCE 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 SAO budget process, Congress, DoS, DSCA, the executive agent, COCOM, SAO, embassy, financial service center (FSC), and DFAS-IN.

Congress legislates the appropriated funds portion of the SA FMFP funding and the O&M funding to be used by the SAO. 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 manages and administers the administrative trust fund and provides budget policy and guidance on the use of SA funds. DSCA also provides budget target levels to the COCOMs. DSCA reviews and approves the COCOM's budgets. The budgets are approved based on the country submissions but the funding levels are issued to the COCOMs as a lump sum dollar value. This allows the COCOMs to adjust the 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. DSCA is the SA focal point for ICASS.

DSCA pays funds to DoS for SAO security and ICASS costs. The DoS then distributes these funds to the appropriate embassy. DSCA centrally funds ICASS, local residential guards, and USCG salaries. DSCA also centrally funds and manages the C-12 aircraft program.

The executive agents are the MILDEPs responsible for "sponsorship" of the geographic COCOMs:

- 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 executive agent provides budget policy and guidance on the use of O&M funds. They review and approve the O&M budgets for the COCOMs. They also prepare the annual POM submission for DoD to obtain the funds required.

The area COCOMs issue policy and procedures that expand and clarify those issued by DSCA and the executive agents. They issue funding targets for the SAOs to use in developing their budgets. The funding target levels are used as a starting point in developing a budget. The COCOM reviews and modifies the individual SAO budgets as required and then submits a consolidated budget to DSCA for SA requirements and the executive agent for the O&M requirements. The COCOM issues and certifies the obligation authority/fund certification authorization (OA/FCA) to the SAO as the funding becomes available. This gives the SAO official authority to obligate the USG to expend dollars. At

the same time the OA/FCA is issued to the SAO, notification is made to 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 SAO. The COCOMs are also responsible for overseeing SAO funds management and implementation.

The SAO annually prepares their proposed budgets and submits them to the COCOM. If the budget request exceeds the target level provided by the COCOM, then the SAO will submit an unfunded requirement (UFR) for each item above the target level. The SAO, will upon receipt of the OA/FCAs, execute the day-to-day budget requirements in accordance with the DFAS Memorandum, SAO Accounting Pamphlet, dated September 28, 2003. The SAO will enter all accounting records utilizing the web-based SA automated resource management suite (SAARMS) budget execution program for all transactions. This information will then be available for DFAS-IN to down-load and enter into the official accounting records. This information plus payment information submitted through the DoS accounting system and received by DFAS-IN will then be used for reconciliation with records in the SAARMS system.

The embassy will provide contracting support to most SAOs. 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 SAOs to have their own contracting officer. The embassy also provides certain administrative support services specified in the ICASS agreement. These services generally include fund disbursement for the SAO both by the embassy and the FSC. Again, a few SAOs perform this service in-house but this too is the exception. Financial reports will also be provided to the SAO that show what financial functions the embassy provided for the SAO. Other services as specified in the ICASS agreement will also be provided.

The FSC is the DoS regional finance center for disbursing funds for the embassies assigned to it. The FSC 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 FSCs—located in Bangkok, Thailand; and Charleston, SC.

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 COCOMs for dissemination to the various SAOs. DFAS-IN maintains the official accounting records. They post all obligations provided by the SAOs and disbursements provided by DoS and others. Status reports are then supplied to each SAO. DFAS-IN, in conjunction with the SAO, reconciles the records posted from DoS with those posted from the SAO. DFAS-IN is also required to perform departmental reporting to the Office of Management and Budget (OMB).

SECURITY ASSISTANCE AUTOMATED RESOURCE MANAGEMENT SUITE

The SAARMS is a suite of software programs to assist the SAO in managing its resources. SAARMS currently consists of three deployed computer programs, the budget execution, the budget preparation, and the property program.

The budget preparation program automates the T-20 budget preparation for the SAOs and COCOMs. It provides the capability for the SAO to develop their budget, make modifications, and electronically submit the budget to the COCOM. The COCOM can then electronically merge all the SAO budgets into one combined COCOM budget for submission to DSCA. 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 type fund budget submissions if so desired.

The budget execution program serves as the web-based SA funds management system. The program provides the SAO 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 COCOM. Obligations and disbursements are recorded with required reports generated by the program. The program also generates data and reports to be electronically transmitted to DFAS-IN for entry into the official accounting system. The program is used for T-20 funds management and the other types of funds used in the SAO.

Versions of the budget execution program have been developed to support various security cooperation programs as well. The program has been modified to allow the regional centers to execute their budgets.

The property program serves as the SA property management system. It standardizes property management throughout a COCOM. The program creates and stores the required information on property records and provides the requisite reports.

REPRESENTATION FUNDS

Representation funds are to maintain standing and prestige of the U.S. by extending official courtesies to authorized personnel. The SAO will receive these funds from T-20 and O&M funding. The SAO 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 COCOM O&M and those for use by the defense attaché office. To assist in the funding of representational activities during VIP visits (senior flag officers, DoD civilians and others) SAOs are encouraged to request funds from the VIP coordinator to offset the costs of the activities.

Representation Fund Uses

Representation funds can be used to cover the cost of luncheons, dinners, and receptions for authorized personnel. Mementos can be purchased at a cost not to exceed \$245.00 per person for honored guests and their spouses. Mementos can only be presented to non-USG officials. Non-personal invitations can be bought with these funds. For example, a non-personal invitation could be an invitation from SAO Bandaria for a Fourth of July celebration. Gratuities not to exceed 15 percent of the cost of services can also be paid. This is not an all-inclusive list. The SAO should refer to COCOM regulations dealing with 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. These funds cannot be used for membership dues or fees of any kind, seasonal cards, calling cards, and personal items such as cigarettes or shoe shines. Representation funds cannot be used to purchase linens, dishes, silverware or kitchen utensils, or to pay for conferences, seminars, or workshops. The SAO should refer to the COCOM regulations for additional limitations.

Representation Fund Records

Detailed records of all expenditures and uses 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.

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The ICASS is a system for providing 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. Customer participation is a key element in ICASS.

The customer is defined as the organizations using the various services available in the embassy. The customer is involved in the selection of service providers and can select a provider other than the one selected through ICASS. This should be done only after careful consideration on 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 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. 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.

An ICASS charter is developed locally and establishes the embassy's operating guidelines. It identifies the COM as having authority of the ICASS program. It formalizes the resource commitments and legitimizes the ICASS council.

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. The cost of services is agreed upon with program evaluation and review procedures being established.

Each SAO negotiates an ICASS agreement for those services to be provided by the ICASS Council for each type of fund.

The ICASS council is the formal body of each embassy that develops the charter and approves the MOUs. 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 COCOM will designate who will be the DoD ICASS member. This individual will represent all DoD agencies on the ICASS council. It develops and approves the annual ICASS budget and has 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. The council also 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, which means that he represents DoS's interests at the council but is not a voting member. He provides the policy perspective to resource decisions and 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. The assistant secretary of state for administration chairs this board. Participating agency representatives are at the assistant secretary level. It 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.

SECURITY ASSISTANCE OFFICE SECURITY ASSISTANCE BUDGET PREPARATION PROCESS

The budget preparation process starts with the annual budget call. DSCA notifies the COCOMs of what information, in what format, and when the budget submission is required. DSCA will also provide a target ceiling level by COCOM. The COCOMs then notify the SAOs of what they need to provide to the COCOM and the date it is due. They will also provide a target ceiling level by SAO. Typically, this process begins each February with the publication of the DSCA budget call.

The budget consists of the SAO 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 and provides the overall perspective on the SAO's program and why the requested budget is needed.

The SA budget submission includes nine fiscal years (FY) 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) and five POM years.

Direct costs are identified and include total estimated expenses that will require distribution of funding authority to the SAO.

Indirect costs include estimated expenses such as ICASS, local USCG and severance pay that are centrally paid by DSCA.

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

- C-12 flying hours
- Contributed currency
- Foreign currency
- Workload factors
- Quarterly funding
- AIK
- Capital Security Cost Sharing (CSCS)
- End-Use Monitoring (EUM) Requirements
- 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 is both mission essential and non-mission essential but does not fit the “must pay” requirement; e.g., most TDYs, supplies, and equipment. A mission requirement that cannot be included within the budget target ceiling level will be submitted as an unfunded requirement. The COCOM reviews and modifies the budgets submitted by each SAO.

The budget approval and execution process works in reverse of the budget submission process. Congress provides the funding appropriation or funding 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 COCOMs with their approved funding allotment on a quarterly basis.

The COCOM issues the OA/FCA on a quarterly basis to the SAOs. This provides the SAO official authority necessary to obligate the USG to expend dollars

Security Assistance 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 operation of allocating funds, procurement, funding expenditures, the record keeping, and reporting of these operations. The web-based SAARMS budget execution program is used to record these transactions and to aid the SAO in managing its resources wisely.

The SAOs 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. Each item will fall into a given management category. For each purchase of goods and services, the SAO will obligate funds to reserve them in the budget for the planned payment.

Once the SAO 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 financial service center can pay the vendor by check or EFT
- The embassy B&F office could provide the SAO with cash, and then the SAO pays the vendor in cash
- The vendor is paid using an USG IMPAC card
- A reported payment will be recorded by the SAO in SAARMS, regardless of how the payment is made

At the end of each fiscal year, the SAO is required to reconcile records of obligations and payments to insure that forecasted payments agree with actual expenditures and that the budget has sufficient funds to pay all the bills or, conversely, that funds have been freed up for other purchases.

Budget Execution Reports

The budget execution program provides three kinds of reports:

- Budget operation reports
- Accounting record submission reports
- Management reports

The SAO will submit to the COCOM an annual funding plan at the beginning of each fiscal year. The SAO chief should review this report periodically to insure that actual expenditures are proceeding as originally planned.

The status of funds report provides data on the yearly budget amount, allocations by management category, total obligations, and total payments. The chief and COCOM will review the status of funds report monthly. The document history report when sorted by management category shows how funds are being expended in each category. The chief will be most interested in looking at a category like civilian pay or TDY. This report allows the chief to see every transaction that was made in that category, making it a good internal management control tool.

The obligation and payment summary sorted by 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.

The SAO chief is responsible for ensuring that the budget program consistently reflects assigned missions and priorities.

CAPITAL SECURITY COST SHARING

Capital security cost sharing 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 allocable cost share for each tenant agency under chief of mission (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 rightsize 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 charges its tenant agencies for office space at the following rates:

- Principal Officer (General/Flag Officer) - \$149,509
- Controlled Access Area (CAA) Office - \$40,509
- Non-CAA Office - \$16,391
- Non-CAA Non-Office - \$2,837

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 will grant a waiver to be non-collocated in the embassy if the host nation facility provides safety and security equal to or greater than that which would be afforded in the new 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 the DSCA, and forwarded through the respective COCOMs to the SAOs for action. Each SAO chief or his/her designated representative must review this document with the SAO joint manning document provided by the COCOM, and verify that each entry in the DoS personnel and accountability 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.), and/or not collocated in the embassy. 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 COCOMs 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 SAO, and that within the SAO, DoD is able to verify the correct numbers of personnel assigned to each represented DoD agency, COCOM, or military service. Within each SAO, there are typically two types of funded positions: SA T-20, and O&M. DSCA is responsible for the SA positions; the COCOMs or military services are responsible for the O&M billets. Additionally, personnel assigned to a specialized training activity, such as a Technical Assistance Field Team (TAFT), may be reflected in PASS as members of an SAO. 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 SAO chief that his/her SAO staffing levels in PASS are correct, the DSCA Comptroller should be notified through the respective COCOM. If any discrepancies which cannot be resolved at the embassies should arise, the SAO chief should immediately forward them through the COCOM to the DSCA Comptroller for resolution.

Although this CSCS review is done annually, it is in the best interests of the SAO to periodically review the SAO 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 OFFICE SECURITY ASSISTANCE BUDGET CAUTIONS AND PROBLEMS

There are several items that have consistently caused problems for SAOs. Government leased housing is a prime example because COCOM approval is required for any lease over \$25,000 including the annual rent and utilities. The COCOM can approve new and replacement leases for less than \$25,000. The COCOM can delegate this approval to the SAO chief except for the SAO chief's 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 COCOMs. Vehicles may be armored only by general services administration (GSA)-approved sources

Only the COCOM can grant authority for domicile-to-duty transportation. Domicile-to-duty use of government vehicles, when authorized, requires all members of the SAO to be aware of the limitations of domicile-to-duty. It is based on the threat in a country and is reviewed every three months.

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

INTERNAL MANAGEMENT CONTROLS

The Federal Managers' Integrity Act of 1982 requires an internal management control program to prevent fraud, waste, and abuse along with mismanagement. The SAO should document the procedures of the internal control program. The chief should instruct all SAO members about the program and its requirements. Personnel at all levels of the SAO must be personally involved.

Segregation of responsibility for transactions and activities within the SAO should be included in this program. Access to and use of government assets and records should be limited to those that require them to meet the mission. Accounting and representation fund inventory records should be adequately maintained.

The SAO should conduct periodic internal reviews on itself. Independent checks of records and procedures should be made by one organization in the SAO reviewing another. Records should be periodically reconciled to insure accuracy. Periodic physical inventories should also be made on SAO property. These internal reviews and a well-implemented internal control program will help prepare for and respond to external control reviews from any auditing, inspector general, or PEG team.

SUMMARY

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

The SAO will generally receive SA administrative funds for most of their SA budget requirements, but may also use FMS case funds, or have support provided to them by the partner nation monetarily through contributed currency or non-monetarily through AIK. It will receive some O&M funds for their non-SA programs. The SAO has several options available to them to fund AT/FP but will start by requesting funds from DoS, and then the T-20 budget or O&M budget, or finally, the COCOM.

The various types of funds do not flow directly to the SAO. The SA funds will funnel through DFAS-IN. Contributed currency is channeled through the U.S. treasury. O&M funds pass through

the COCOMs. These funds will be sent to the SAO, by the MILDEPs, or the DoS depending on what service or item is being budgeted.

There are many players in the SAO budget process. Congress is involved in appropriating some funds for the SAO. DoS will submit the portion of the SAO's budget to be appropriated or authorized annually to Congress. DSCA provides budget targets and fiscal oversight for SA funds. The MILDEP provides budget targets and fiscal oversight for O&M funds. The COCOMs provide intermediary support and fiscal oversight for all types of funds. The SAO both prepares and executes its budget. The embassy provides accounting and fiscal support as required to the SAO. The financial service center provides accounting support for DoS-processed transactions and DFAS-IN provides accounting support for all SA transactions.

SAARMS, a Windows-based suite of computer programs, has modules for budget preparation, budget execution, and property accounting. The SAO will receive representation funds to maintain standing and prestige of the U.S. by extending official courtesies to authorized personnel. There are many rules and regulations that direct 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 services to the various organizations in an U.S. embassy. ICASS can be an effective tool for the SAO and other U.S. agencies within an embassy to control costs and manage level of service. Participation of service providers and customers is essential to the effective implementation of the ICASS program. There are various levels and groups that oversee the ICASS program and provide for conflict resolution.

The SAO is responsible for developing its own budget based on realistic estimates of requirements and for effectively managing its funds.

There are several areas that typically cause problems that the SAO must be vigilant in preventing. An internal management control program will help prevent difficulties from negatively affecting the mission of the SAO. The SAO 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*.

DoD 7000.4R, *Accounting for Obligations*.

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

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

DFAS-IN 7200.1-R, *Administrative Control of Appropriations*.

AR 1-75, AFR 400-45, and OPNAVINST 4900.31F, *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*.

DISAM, *SAARMS Budget Execution Module Users Manual*.(Available on the SAN Library)

DISAM, *SAARMS Budget Preparation Module Handbook*.

DISAM, *SAARMS Property Module Handbook*.

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 REGAN

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.