

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. This is a significant difference for most personnel, especially if it is their first assignment to a SCO. Most Department of Defense (DOD) personnel come from commands or units where a separate section of the organization manages and tracks all the resources within their organization. A majority of military members and DOD civilians may be familiar with annually appropriated DOD Operations and Maintenance (O&M) funds used to fund their organizational activities. The SCO, however, typically has a wider variety of programs, each with its own funding and requirements for implementation. These programs, combined with a certain level of autonomy at a SCO, make it relatively easy for the responsible personnel to lose accountability of resources. This chapter addresses the realities and requirements of resource management in the SCO. The processes and procedures outlined within this chapter support the SCO's internal management controls program.

INTERNAL MANAGEMENT CONTROLS

All of the internal management controls described in this chapter support the Managers' Internal Control Program, as described in the Federal Managers' Financial Integrity Act of 1982. Its design helps SCO personnel protect resources and 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.
4. **Inspection:** Periodic external audits, such as those from the Combatant Command (CCMD) Inspector General, approximately every 18 months.

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

FUNDING SOURCES

SCOs have several different sources of funds with which to perform their missions. These funds will usually come to them via their CCMD but can be sent from a Military Department (MILDEP) or from a DOD agency. In addition to the official funds provided to SCOs for operational use, some SCOs might receive funds via a Military Interdepartmental Purchase Requests (MIPR) to support other organizations' operations in-country.

There are several types of funds and assets a SCO may manage. Common expenditures of funds, typical to most or all SCOs, include:

- Operational and overhead expenses
- Utilities (SCO office and residential)
- Rent (SCO office and residential)
- Temporary duty (TDY)

- Office equipment
- Civilian salaries, both General Service (GS) and Locally Employed (LE) staff
- Selected entitlements, such as dependent education or funded environmental morale leave (FEML)

As mentioned above, funds may come from MILDEPs or DOD agencies. The SCO will likely receive funds from the Defense Security Cooperation Agency (DSCA), categorized as Foreign Military Sales Administration (FMS Admin) or Foreign Military Financing Administration (FMF Admin) funds. They will also receive funding from the MILDEPs, referred to as Operations and Maintenance (O&M) funds. In this section, we will discuss these sources of funds, plus several others that any SCO might use.

Foreign Military Sales Administration (FMS Admin) Funds

FMS cases include an administrative surcharge. The FMS process deposits this surcharge into the Security Assistance Administrative Trust Fund. This fund is the source of financial resources to administer the FMS process around the world, including the manning of SCOs. These funds, known commonly as “FMS Admin” funds, support FMS associated Security Assistance (SA) activities performed by the SCO.

The Defense Security Cooperation Agency (DSCA) is responsible for these funds and allocates them to each of the respective CCMDs, who, in turn, sub-allocate funds to their respective SCOs. The Defense Finance and Accounting Service—the Security Cooperation Accounting (DFAS-SCA) office located in Indianapolis, Indiana, performs the official accounting function for these funds.

Foreign Military Financing Administration (FMF Admin) Funds

While FMF programs require administration support similar to FMS, FMF does not use the same set percentage surcharge as FMS. Congress appropriates FMF Administration funds based on a budget submitted by the Department of State (DOS), under the Foreign Operations Authority U.S.C. Title 22. Personnel conducting FMF activities around the world use these funds to administer FMF programs. These funds, known commonly as “FMF Admin” funds, support certain FMF related activities performed by the SCO and cover State Department Bureau of Political and Military Affairs’ monitoring and evaluation activities for FMF and International Military Education and Training (IMET) programs. Of note, FMF Admin funds are separate and distinct from actual IMET funding, which is categorized separately from FMF Admin (and monitoring) under the above mentioned DOS submitted Congressional Budget Justification (CBJ) request.

DSCA is responsible for these funds and allocates the funds to the CCMDs, who in turn sub-allocate funds to their respective SCOs. DFAS-SCA in Indianapolis, Indiana, performs the official accounting function for these funds.

Operations and Maintenance (O&M) Funds

Each CCMD receives O&M funds for in-country support of the Title 10 DOD and CCMD security cooperation (SC) programs. DOD commands use these funds to cover the same types of expenses as FMS Admin and FMF Admin funds but separately to support their non-SA, Title 10 SC programs. The MILDEPs refers to these funds as follows:

- 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 U.S. forces under U.S.C. Title 10 and distributes funding to the appropriate MILDEPs and DOD agencies. DOD designates a MILDEP as the Executive Agent for one or more CCMDs. The respective MILDEP is the primary source of O&M funds for that CCMD. The executive agents for the CCMDs are as follows:

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- The Air Force for Central Command (CENTCOM) and Northern Command (NORTHCOM)
- The Army for European Command (EUCOM), Southern Command (SOUTHCOM), and Africa Command (AFRICOM)
- The Navy for Indo-Pacific Command (INDOPACOM)

The designated Executive Agent allocates a portion of their O&M to the CCMDs, who, in turn, sub-allocate funds to their respective SCOs. The SCO then uses these O&M funds for Security Cooperation program requirements, those that are distinct from their Title 22 Security Assistance requirements.

Important Distinction Between Funds

The Foreign Assistance Act, Section 636(a), Volume I-A, provides the legal authority to expend security assistance funds only for purposes directly related to the Act. In short, a SCO may use FMS Admin funds exclusively for the support of security assistance functions. When a SCO has personnel assigned to both FMS-funded (Title 22) and O&M-funded (Title 10) billets, the SCO must use corresponding funds proportionately (by number of personnel in each category) to pay for any shared office expenses such as office supplies, communications charges, vehicle costs, and maintenance. For example, in a SCO with six FMS-funded positions and three O&M-funded positions, a \$15K office maintenance contract is funded with \$10K in FMS Admin and \$5K in O&M funds.

Additional O&M Programs

O&M also funds many other special programs. The CCMDs, MILDEPs, DOD agencies, and components manage these funds, and the expenditures must support the specific program authorized. Each respective O&M funding program will have its own specific rules and procedures regarding proper use. SCOs with security cooperation billets on their Joint Manning Document (JMD) must prepare and execute a separate budget for each of the authorized programs. The next few sections provide additional information for programs common in many SCOs.

Traditional Combatant Commander Activities

The Geographic Combatant Commander (GCC) uses Traditional Combatant Commander Activities (TCA) funds to conduct military-to-military contact and comparable activities designed to “promote regional security and other US national security goals” (per JP 3-80: Resource Management). The SCO submits proposed projects and their estimated cost to the CCMD. On behalf of the GCC, the CCMD approves appropriate projects and then, when funding is available, provides the funding to the SCO to execute the project.

Combatant Commander Initiative Fund

In accordance with JP 3-80 Resource Management, Combatant Commanders Initiative Fund (CCIF) is approved by the Secretary of Defense and managed by the Joint Staff. A CCMD may submit a request to use a portion of this fund in support of a myriad of projects to include the following (per JP 3-80):

- Command and control (C2)
- Joint exercises
- Humanitarian and civic assistance (HCA),
- Military education and training to military and related civilian personnel of foreign countries
- Personnel expenses of defense personnel participating in bilateral or regional cooperation programs, and force protection

These funds support specific single projects identified by the Country Team, SCO, and CCMD and are not a source of funding for a continuing project. Once CJCS grants the funding authority for the CCIF project, the CCMD manages the fund in the same manner as other O&M funds.

Counternarcotics

Congress appropriates Counternarcotics (CN) funds to the DOD for the support of U.S. and international partners in fighting the war on drugs. The Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (ASD/SOLIC) manages and applies the funds, sometimes in conjunction with the FMS process, to fund a country's CN-related training, support, and equipment needs, or in support of U.S. forces/activities engaged in CN operations. Normally, however, ASD/SOLIC allocates these funds to a MILDEP, which manages them like O&M funds for supporting CN efforts. The DOS also receives CN funding via the International Narcotics Control Act (INCA). Delivered via either the FMS process or direct commercial sales (DCS), DOS often uses these funds to pay for DOD-provided CN-related material, services, or training.

International Armaments Cooperation (IAC)

The IAC program, introduced in Chapter 13 of this book, provides O&M funds in support of the U.S. personnel authorized under the CCMD JMD for IAC activities. The Under Secretary of Defense for Acquisition and Sustainment USD(A&S) is responsible for all IAC activities. In this role, the USD(A&S) serves as the U.S. National Armaments Director (NAD) and establishes the Office of International Cooperation (IC) to oversee IAC activities. The Under Secretary of Defense for Policy USD(P) has a supporting role in IC by reviewing international agreements for foreign policy considerations. USDA&S allocates IAC funds to the CCMD where the CCMD manages them like other O&M funds. SCOs with IAC billets on their JMD must maintain a separate budget and budget execution procedures for these funds.

Demining

DOD avails demining funds to aid a country in the removal of landmines and may allocate them for use in conjunction with the FMS process. The SCO will be involved in managing this program and overseeing the use of these funds. The SCO does not budget for these funds; rather, higher headquarters direct yearly target amounts.

Humanitarian Assistance

DOD allocates Humanitarian Assistance funds to assist international partners in the construction of needed infrastructure, schools, and hospitals. The SCO will be involved in managing this program and overseeing the use of these funds. The SCO submits proposed projects and their estimated costs to the CCMD, utilizing the Overseas Humanitarian Assistance Shared Information System (OHAISIS).. 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 but must not be confused with U.S.C. Title 10 O&M funds. Rather, in addition to O&M support, Title 10 also provides funds to support cooperative engagement. This includes material support for the following:

- Defense Health Programs
- Foreign Disaster Relief
- Humanitarian Assistance Excess Property & Transportation
- 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) consists of non-monetary support from the international partner for SCO operational requirements. AIK typically comes in the form of office space, transportation, utilities, or personnel. AIK support covers operational requirements that the SCO would normally pay for with FMS Admin, FMF Admin, FMS case, or O&M funds. A bilateral agreement signed between the U.S. and the international partner determines the range and scope of AIK support. Although AIK is not a Title 10 program, SCOs must account for and capture what AIK support would cost if not provided by the host.

Antiterrorism and Force Protection Funding

Antiterrorism/Force Protection (AT/FP) funding is an area of great concern and some confusion. The DOS is responsible for funding AT/FP for most of the SA-authorized billets while the CCMD, by agreement, is responsible for AT/FP funding at selected SCOs and all personnel assigned there (i.e., the DCA officer). DOS is, therefore, the first place to look for funding of AT/FP requirements. If sufficient funds are not available from the DOS, then the SCO should submit an unfunded requirement (UFR) to the CCMD to pay for the shortfall. In the UFR, the SCO should include a statement from the embassy Regional Security Officer (RSO) reflecting that the security requirement is valid and that DOS does not have funding to cover it.

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.

In accordance with DOD Instruction 1015.10, the DOD avails MWR funds on a limited basis via the Executive Agent MILDEP to support U.S. military personnel assigned at a SCO. The SCO often uses these funds for purchases that will benefit the entire SCO (such as weight-lifting and exercise equipment).

SCO personnel typically receive housing in one of four ways. The first method is when the SCO member obtains a private lease. In this case, the member receives OHA instead of BAH and uses those funds to pay for housing costs (or unaccompanied OHA in conjunction with CONUS BAH if dependents remain CONUS). The second method is a government lease, which the SCO pays using FMS Admin, FMF Admin, or O&M funds, depending on the member's JMD position funding source. Sometimes, the embassy housing pool will manage the government lease; other times, the SCO will handle it separately. The third method of providing housing is via this same DOS embassy housing pool. This resource includes residences either purchased or on leases managed by the DOS. At comptroller levels, the SCO service member's MILDEP housing allowance passes from DOD accounts to DOS accounts to cover the associated housing costs of the housing pool property assigned to the SCO personnel. In these cases, having active and proactive SCO membership on the embassy housing board is critical for good morale. The fourth method of housing, DOD military quarters, is rare. These are quarters on a military installation located in or near a foreign capital, funded by the applicable installation MILDEP.

The SCO does not budget for active duty military pay. Each SCO member's military service pays this cost as reflected on the respective member's DFAS generated Leave and Earning Statement (LES). Though it is transparent to the SCO member, DFAS uses funds from different sources depending on the billet description. U.S. Coast Guard (USCG) personnel working in the SCO belong to the Department of Homeland Security (DHS), and DSCA centrally funds and reimburses the USCG for these billets.

FLOW OF FUNDING AUTHORITY FOR THE SECURITY COOPERATION ORGANIZATION

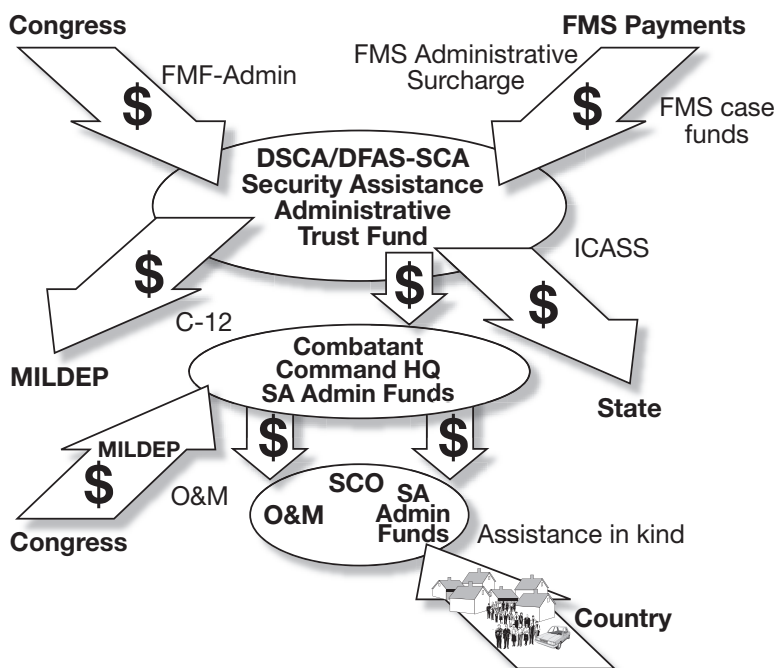
The flow of funding authority to the SCO can be complicated due to the number of funds, the types of activities, and the number of organizations involved.

Figure 17-1 depicts the flow of funding authority from the sources of funding to the SCO. Starting at the upper center of the figure, the SCO uses the Security Assistance Administrative Trust Fund as their primary source of funding. The top left shows the flow of funding Congress provides for Security Assistance administration-related requirements supporting grant programs. The top right shows the flow of funds from the FMS administrative surcharge on FMS cases.

DSCA sends the CCMD funding authority for the CCMD's SA administrative functions, and the CCMD then distributes funds to the SCOs. From the Trust Fund, DCSA also disburses funds directly to DOS to pay for indirect costs that are centrally funded by DSCA (for SCOs worldwide) 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 ORGANIZATION BUDGET ORGANIZATIONS

Before looking at the budget process itself, it is useful to understand the various players in the budget process. The following are nine major players involved in the SCO budget process:

1. Congress
2. DOS
3. DSCA
4. MILDEPs
5. CCMDs
6. SCOs
7. Embassies
8. Global Financial Service Centers (GFSC)
9. DFAS-SCA

Congress legislates the appropriated funds portion of the SA FMFP funding and the O&M funding the SCO will use. 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 (CBJ) for foreign operations. Of note, many other Executive Branch entities submit their own CBJs to Congress.

DSCA administers the Security Assistance Administrative Trust Fund and provides budget policy and guidance regarding the appropriate use of FMS Admin and FMF Admin funds. DSCA also provides budget target levels to the CCMDs and reviews and approves their SA-related budgets. DSCA approves these SA budgets based on per-country amounts the CCMD compiles but issues the funding level to the CCMDs as a lump-sum dollar value. DSCA works with the DOS in preparing the budget request to Congress for the appropriated FMF Admin funds. DSCA disburses funds to the DOS for SCO ICASS costs and also centrally funds USCG salaries. Additionally, DSCA funds all or part of the C-12 aircraft program for SCOs with such assets, depending on the circumstance of use.

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.

Combatant Commands 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. 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. 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. DFAS-SCA uses payment information submitted separately through the DOS accounting system (Momentum) to reconcile against records already in the DAI system.

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 must 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 Defense Agencies Initiative (DAI) online application for all transactions. This information, plus payment information submitted through the DOS accounting system (Momentum) and received by DFAS–SCA, is used for reconciliation with records in the DAI system.

The embassy will provide contracting support to most SCOs. Generally, the DOS has the only bonded contracting officer available in country, so they provide this service to other appropriately identified organizations within the U.S. Embassy environment. 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 is the exception. DOS representatives make financial reports available to the SCO, which capture the financial functions the embassy performed for the SCO.

The DOS disburses funds for U.S. embassies primarily via their two GFSC locations. There is currently one GFSC located in Bangkok, Thailand, and another in Charleston, South Carolina. The respective GFSC location reports SA disbursements directly to DFAS–SCA and can provide reports to the corresponding embassy upon request.

DFAS–SCA serves as the financial and accounting activity for all FMS Admin and FMF Admin funds. DFAS issues general accounting policy and procedures. DFAS–SCA maintains the official accounting records. They post all obligations provided by the SCOs and disbursements provided by the DOS and others. DFAS–SCA, in conjunction with the SCO, reconciles the records posted from the DOS with those posted by the SCO. DFAS–SCA is also required to perform departmental reporting to the Office of Management and Budget (OMB).

PRACTICAL APPLICATION OF DIFFERENT FUND TYPES

The following example, using the fictional country of Bandaria, highlights 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 is not an all-inclusive list. Table 17-1 shows the makeup of SCO Bandaria by position.

Table 17-1
Security Cooperation Organization Bandaria
Makeup and Funding Source

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

SCO Bandaria has four basic funding sources to cover six positions. The following provides the funding background with greater detail and some recognized deviations 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 OHA to pay the rent on his house in Bandaria. FMS Admin funds pay the cost of his children's pays for the purchase of office supplies and equipment, and funds his SA-related travel. He and his dependents also receive funded environmental and morale leave (FEML) because their assignment is to a designated austere location. For their FEML, Colonel Encharge and his dependents are authorized to travel to the nearest FEML location (normally the closest CONUS port of entry). If they decide to travel to another location, they will receive funds only up to the constructed cost of traveling to the designated FEML location. The U.S. Army pays his salary.

Ms. Mary Nositall, the secretary, is a local hire. As such, she does not receive any housing, dependent education, or transportation entitlements. There are a few GS civilians that receive these entitlements, but only if they have a transportation agreement. FMS Admin funds pay her salary, her office supplies and equipment, and for any SA-related travel costs she may incur.

Ms. She Counts and Mr. Kan Sendum are local nationals. FMS Admin funds her position, and FMF Admin funds his. FMS Admin and FMF Admin pay for their respective support, including salary, office supplies, and equipment. As LE Staff, SCO funds cannot pay for their housing and dependent education.

Lieutenant Colonel Terry Helper has no dependents. The U.S. Air Force pays her salary and the OHA to rent her house in Bandaria. DCA O&M funding pays for the purchase of her office supplies and equipment and for any DCA-related travel. FMS Admin pays for any SA-related travel.

Major Don Supli has one sponsored dependent, and the U.S. Army pays his salary. He uses 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 CCMD-related travel.

The Bandarians have decided to provide vehicles for SCO use under an FMS case. This active Bandarian FMS case provides for the lease of four Jeep Grand Cherokees, including their maintenance. The SCO only pays for the fuel for these vehicles.

In all cases, there are two basic factors that determine which source of funds to use for any given purchase. The first is the mission. If a member is going to travel, the purpose of the travel determines which funding source to use. Security assistance travel will generally use FMS Admin, unless it is for IMET or EUM missions, which use FMF Admin funds. Travel orders can split costs across more than one fund source if the mission of the travel involves different purposes.

The second determining factor is the position. For each member, support should come from the source of funds that is designated for the position, as noted in the vignettes above. In those cases where the mission is not clear and the expense serves more than one position, such as the office copier or cleaning supplies, the SCO usually employs cost averaging to correlate the source of funds to the composition of the office. In the above example, the SCO could pay for the annual costs of cleaning supplies by dividing the cost across the three funding sources as FMS Admin 50 percent, FMF Admin 17 percent, and O&M 33 percent.

SECURITY COOPERATION ORGANIZATION BUDGET PROCESSES

As already described, SCOs deal with funding from different sources. Depending on the CCMD, the SCO will use the budget application of the respective MILDEP executive agent to track O&M funds. The Table 17-2 shows the funding systems of use.

SECURITY COOPERATION ORGANIZATION BUDGET PREPARATION

The budget preparation process starts with the annual budget call. DSCA provides fiscal guidance for each CCMD and notifies them of what information is required, when it is required, and with what details. The CCMDs then provide fiscal guidance for each SCO and notify them of required submissions and the due date. Typically, this process begins around January with the publication of the DSCA budget call. However, many of the CCMDs will start their budget preparation process by early December.

The CCMDs collect the data from the SCOs and input the data into the Comprehensive Cost and Requirements (CCaR) system. CCaR is the authoritative database of record used to develop, submit, and analyze program, budget, and execution data for the Foreign Military Sales (FMS) and Foreign Military Financing (FMF) Administrative budgets. All FMS and FMF Admin account holders are responsible for the accuracy and completeness of the data submitted via CCaR. DSCA Headquarters approves the Security Assistance Program Budget Review (SAPBR) guidance documents and saves the documents within the CCaR application. Adherence to these guidance documents will be critical for the successful development and submission of your organization's budgetary and execution requirements to the DSCA.

**Table 17-2
GCCMD Budget Applications**

Combatant Command	FMS Admin FMF Admin	O & M
AFRICOM	DAI	GFEBs
CENTCOM	DAI	DEAMS
EUCOM	DAI	GFEBs
NORTHCOM	DAI	DEAMS
INDOPACOM	DAI	SABRS
SOUTHCOM	DAI	GFEBs

Any mission requirement that exceeds the budget target ceiling may be submitted as an UFR. 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 DOD and Congress.

The budget approval and execution process works in reverse of the budget submission process. Congress provides the funding appropriation and authority to the 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, and provides 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 ORGANIZATION BUDGET EXECUTION

Receipt of the OA/FCA begins the budget execution process. This phase consists of day-to-day operations, and the SCO uses the Defense Agencies Initiative (DAI) program to aid in managing their resources wisely and to record the following transactions:

- Committing funds for SCO requirements
- Obligating funds for those requirements
- Recording receipt of goods
- Reconciling records with DOS and DFAS

SCOs can only procure authorized items required to perform their mission. These requirements will include everything from office supplies to dependent student education and TDY. For each requirement, the SCO will commit funds to reserve them in the budget for the planned payment. This is done in one of three ways: a purchase request (PR) when DFAS will pay the vendor; a MIPR when the SCO will transfer funds to another DOD organization for obligation; or an Interagency Agreement (IAA) to the DOS when the DOS will pay a vendor for a SCO requirement.

Once the SCO has established a commitment, the appropriate office processes the paperwork to create an obligating document. This is usually done through the embassy and results in a purchase order (PO), contract, or a USG purchase card (GPC) purchase. The vendor usually receives payment in one of following five ways:

1. The embassy Budget and Finance (B&F) office can pay the vendor by check or electronic funds transfer (EFT)
2. The DOS GFSC can pay the vendor by check or EFT
3. The embassy B&F office could provide the SCO with cash to pay the vendor
4. The SCO can use a GPC to pay the vendor
5. DFAS-SCA can pay the vendor by EFT

If the DOS is making the payment, the U.S. embassy processes the paperwork. Otherwise, DFAS-SCA processes the paperwork.

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 are available for other obligations.

SECURITY COOPERATION ORGANIZATION SECURITY ASSISTANCE BUDGET CAUTIONS AND PROBLEMS

Several items consistently cause problems for SCOs. Government-leased housing is a prime example, because any lease (plus annual utilities) over \$50,000 of the FMS Admin or FMF Admin funds requires CCMD approval. 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. The housing market in many foreign capitals can exceed this amount, and, when compounded by busy schedules, fiscal cycles, and lease renewal timeliness, SCO personnel might face situations when they want to take more authorities than granted.

Another SCO challenge area is the management of official vehicles. 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. The General Services Administration (GSA) is the sole approving authority for sources of armored vehicles.

Only the CCMD can grant authority for domicile-to-duty transportation (DTD transportation or DTDT), the use of a government vehicle for transportation between home and the office. DTDT use of government vehicles requires all members of the SCO to understand its limitations. It is based on the threat in a country, is approved by the Secretary of Defense and is reviewed every six months. The Internal Revenue Service deems this transportation a fringe benefit, and the estimated monetary benefit should show on a person's W-2 form each year the member receives the benefit.

SCOs support a host of individuals that are not assigned to its organization. It is incumbent on the SCO to ensure the individuals' parent organization provides funding to cover the additional expenditures required for these personnel while in country..

HUMAN RESOURCES

One of the key resource areas in a SCO is human resources. Section 515 of the Foreign Assistance Act within Title 22 of U.S. Code (22 U.S.C.) 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 security assistance to six, unless otherwise specifically authorized by Congress. This provision does not apply to civilian billets or to CCMD SC billets within the SCO. The President of the U.S. may waive this limitation for SA-related staffing if he determines U.S. 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), if the additional position(s) will be operating under Chief of Mission (COM) authority at the U.S. embassy. Operational and overhead support for the SA billets comes from the Security Assistance Administrative Trust Fund. For SC billets, O&M funds or other funds from the program that authorizes their presence support the respective billets.

Security Cooperation Organization 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 the SCO manages, and other factors. As a general rule, in order for the Security Assistance Administrative Trust Fund to fund a billet, more than 50 percent of that individual's workload must be in performing SA functions. Conversely, the CCMD O&M program objective memorandum (POM) process normally funds billets that primarily support SC programs and do not include SA responsibilities. Once DSCA and the Joint Chiefs of Staff (JCS) approve the authorized staffing, it is published to the CCMD's Joint Manpower Program (JMP). The CCMD maintains this document. There are a finite number of billets available worldwide, and, as new requirements arise for a SCO, the CCMD and/or DSCA may require shifting billets from one SCO to another or from one CCMD to another. A CCMD's JMP, authorized for the SA workload of the SCO, may reflect the following categories of billets:

- U.S. military personnel. As indicated above, the DOD reports the number of those performing security assistance duties to Congress annually, and the number is subject to congressional limitation.
- U.S. civilian direct-hires. The civilian personnel agency associated with the respective CCMD hires these DOD civilians.

Locally Employed Staff (LE Staff or LES) is a general term used to describe foreign nationals and resident U.S. citizens a USG agency employs at a post under Chief of Mission (COM) authority. They receive employment 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/SC training manager, FMS case technician, administrative assistant, translator, and vehicle driver.

The CCMD's JMD does not reflect all billets in a SCO. A SCO may also have the following categories of billets:

- Personal Services Agreement (PSA). Personnel (local national personnel, third-country national personnel, USG employee family members, or local non-official U.S. 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, the SCO cannot contract PSA personnel to perform duties that require a USG employee to perform, 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 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 and SC programs and work under the direction of the SCO. The international partner may also assign liaison officers to the SCO by mutual agreement.
- Case-funded personnel. In a few countries, an FMS case pays for services of personnel (U.S. and non-U.S.) who work predominantly on the respective 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.

The USG compensates U.S. military and civilian direct-hire personnel in accordance with relevant U.S. laws and regulations. The U.S. embassy compensates LE staff in accordance with the local compensation plan (LCP), the embassy's official system of compensation. Embassies establish LCPs 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. If a SCO JMP requires change (or when a new SCO requires a JMP), the CCMD must submit such requests via DSCA to the JCS 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.

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 U.S. embassy to the applicable COM, in consultation with the DOS. In reviewing the 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 receive nominations to SCO positions in accordance with DODI 5132.13. Requirements for nomination to a SCO may entail slightly different criteria from the norm with respect to:

- Civilian education
- Language qualifications
- Military schooling
- Experience
- Area familiarity
- Health
- Family considerations
- Appropriate SC education and training to match the particular SC billet demands as identified within the Security Cooperation Workforce Database (SCWD)

This last requirement for nomination is a direct result of requirements mandated by the U.S. Congress in the 2017 National Defense Authorization Act (NDAA FY17). However, certification and even nomination do not ensure the job, because the CCMD, the ambassador, and the SDO/DATT retain final selection rights.

SPECIAL TOPICS IN SCO BUDGETING

SCO personnel use the three primary fund sources listed above (FMS Admin, FMF Admin, and O&M), for the various operating needs of the SCO. Notwithstanding the “Mission, then position” general guideline discussed above, the SCO has some specific areas of resource management requiring particular mention. This section discusses these areas. Unless specifically mentioned individually, the discussion in this section will refer to FMS Admin and FMF Admin collectively as Security Assistance Administrative Funds (SAAF).

Representation Funds

USG organizations use representation funds to maintain the standing and prestige of the U.S. by extending official courtesies to authorized international partner personnel. The SCO will receive such funds from both FMS Admin 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 should request (in advance during coordination of the schedule) and obtain funds from the VIP’s point of contact to offset the costs of the activities.

Representation funds can cover the cost of luncheons, dinners, and receptions for authorized personnel, to include gratuities up to 15 percent of the cost of the services. Consistent with 22 U.S.C. Section 2694, Limitation on purchase of gifts for foreign individuals, the aggregate cost of gifts presented to any one authorized, honored guest and their spouse may not exceed \$415. The U.S. side should only present such mementos to non-USG officials. Additionally, these funds can cover the costs of non-personal invitations, such as an invitation from SCO Bandaria as opposed to one from Colonel Encharge. The SCO should refer to DODI 7250.13 for additional guidance, including a list of prohibited items.

The U.S. entity using representational funds should limit the number of invited guests to the minimum number required to meet the representational mission. In any case, 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 CCMD regulations for any additional limitations.

SCOs must maintain detailed records of all expenditures of representation funds. These records include guest lists indicating invitees and attendees for each event, indicating the distinguished guests, and noting the ratio of distinguished guests to U.S. personnel. The SCO must also record all financial expenditures as well as maintain perpetual inventories of mementos and expendable items. These records include documentation of the date of presentation, the memento that was given, to whom it was given, and the reason for presentation.

LE Staff (or LES) Separation Pay

Host Nation law dictates when and how Locally Employed Staff (LES) receive separation pay. In many countries, the SCO must contribute to a national fund or establish a local account through the embassy from which to disburse an LE Staff member’s separation pay. In countries where the local law requires separation pay, the SCO calculates the amount based on information provided by the embassy and submits the amount to DSCA for disbursement. DSCA has established a separation liability account within the FMS Trust Fund and disburses separation pay from this account.

Dependent Education

Family member education is a must-pay requirement. SCOs will budget for the educational costs for family members of SAAF-funded and some non-SA funded billets. The costs may include tuition, fees, transportation to and from school, and travel. For command-sponsored dependents who must attend school at a location other than the sponsor's assigned duty station, covered costs include dormitory (boarding school) costs. The billet of the sponsor will determine what source of funds will pay dependent education expenses. The Department of Defense Education Activity (DODEA) pays for dependent education expenses of personnel in O&M billets; FMS Admin or FMF Admin pays the dependent education expenses of personnel in SAAF billets. The following sections will provide greater detail on dependent education expenses for SAAF billet dependents, as this will come out of the SCO budget and must be planned for in advance. For more information, the DODEA employs representatives for the various regions of the world and can provide answers, regardless of the funding source of the sponsor or the mode of education.

For SAAF billet dependents attending Department of Defense Dependents Schools (DODDS), the SCO will create obligations in the accounting system to reimburse the DODEA for education expenses. Costs will be paid on a semester basis. Funds for the first semester will be budgeted for and paid in the current fiscal year (prior to 30 September). Funds for the second semester of the same school year will be charged to the next fiscal year.

For SAAF billet dependents attending international (Non-DODDS) schools, SAAF support is limited to the Department of State Standardized Regulation (DSSR) allowance, either at the "at-post" rate for schools located within commuting distance of the sponsor's duty station or at the "away-from-post" rate for dormitory schools. The "away-from-post" rate for dormitory schools covers tuition costs, room and board, and three trips between the post and nearest locality where an adequate school is available. The sponsor will cover any costs exceeding these rates; SAAF will not supplement such costs. SAAF will cover authorized costs on a semester basis unless the school requires a full-year or other tuition payment plan. If an alternative payment plan is in use, the SCO shall budget the allocation of funds for the projected quarter of payment. The SCO must keep the Non-DODDS school's written request for payment of full tuition or other variation from the semester payment plan on file.

Command-sponsored dependents attending high school away from the sponsor's duty station receive the entitlement of three round trips per year to the sponsor's duty location. Command-sponsored family members attending high school or college in CONUS receive the entitlement of one round trip per year to the sponsor's duty location, per Joint Travel Regulation (JTR) Volume Two, Chapter 5, Part C, Section C3, paragraph C5120.

Sponsors may also choose to home school their dependents. The DODEA will authorize a stipend for the education, for which the appropriate sponsor's billet funding source pays, based on an itemized budget the sponsor provides.

Information Technology

The CCMD manages the information technology (IT) program for all of their SCOs. They provide the funding for purchase, maintenance, and replacement of SCO computers and cell phones. As noted earlier, the billet (position) that the equipment serves determines the funding source for these items. For example, FMS Admin funds will pay for the purchase, the maintenance, and replacement of the FMS Admin-funded SCO Chief's computer. Depending on location, SCOs receive IT equipment maintenance via:

- Embassy IT office
- SCO personnel
- CCMD IT team
- Contracted out to local vendor

The Defense Logistics Agency Disposition Services or locally identified U.S. Embassy disposal processes provide disposition of SCO IT equipment. The replacement cycle policy for computers is typically five years.

Vehicles

The CCMD establishes authorizations for the number and types of vehicles (e.g., car, SUV, light armor, or heavy armor) in accordance with regulations, that each SCO requires. The CCMD must ensure that its approved Annual Funding Program covers all costs associated with its vehicle fleet. Non-tactical vehicle management must be in accordance with DOD Instruction 450.36.

DSCA provides SAAF funding for vehicle support to include normal passenger, non-passenger vehicles, and armored vehicles, when such vehicles are designated as in support of the SA mission. MILDEPs acting as Executive Agent for the CCMD will provide funds for non-SA missions. Vehicle purchase and maintenance are normal recurring costs, and replacement vehicles should be forecasted and budgeted within the CCMD's approved Annual Funding Program. Depending on the CCMD, vehicle procurement can take from six months to two years. Therefore, to account for long lead-times, each SCO should plan, program, and budget for vehicles through the annual budget request at least two years in advance.

When authorized, SCOs procure vehicles that require armoring and other special security measures from companies with approved DOD or DOS contracts. DSCA must approve, in writing and in advance of purchase, any additional authorizations for heavy armored vehicles (HAV) and light armored vehicles (LAV) for a SCO. This requirement also extends to approval for replacement HAVs and LAVs.

As noted in AR 1-75/SECNAVINST 4900.49/AFJI 16-104, SAAF is not used to finance the purchase, long-term lease, exchange, or guarantee of a purchase of motor vehicles unless these vehicles are manufactured in the United States. The SCO submits requests for exception to this policy in writing via the CCMD to DSCA. The Secretary of Defense has delegated foreign-manufactured vehicle approval authority to the DSCA Director, for approval for use in SCOs. The SCO must provide full justification, to include embassy and CCMD concurrence. Security and economic justification factors are the most important considerations in the approval process.

Only the CCMD can authorize Domicile-to-Duty (DTD) Transportation (DTDT) in accordance with AR 1-75/SECNAVINST 4900.49/AFJI 16-104. The CCMD reviews DTD transportation designation every six months, and, if warranted, renews it on an annual basis. This designation allows SCO members to take government vehicles home at night, rather than using a personal vehicle, typically for security reasons. If designated, the SCO will have and use the minimum number of vehicles consistent with safety considerations to provide DTD transportation..

Housing

DSCA Policy 18-45 issued changes to policy on housing for SCO personnel with a phased implementation that started in FY 2019. DSCA recognized the logistical challenges that overseas assignments have on SCO personnel and their families and has sought to alleviate those challenges where reasonable. The respective CCMD now has authorization to approve requests for Embassy Leased Housing (ELH) for SCO personnel in FMS Admin and FMF Admin funded billets.

Nonetheless, DSCA also recognizes that each post operates within a unique environment that may impact the financial prudence of using ELH. If an entire SCO is under ELH, O&M funds will cover ELH costs for O&M funded billets.

In those cases where using ELH would cause financial strain on resources that exceed the benefits, the CCMD is encouraged to continue using the overseas housing allowance. Because ELH costs are significant, appropriate management of housing is imperative.

Overseas Housing Policies

The 15 series Department of State Foreign Affairs Manuals (FAMs) govern overseas housing. These FAMs address issues such as dedicated housing, authorized housing, and space allocations. The policies and standards outlined in 15 FAM 211.2 apply to all U.S. Government property and agencies serving abroad that come under the authority of the COM and to all U.S. Government property, as well as to housing acquired under the living quarters allowance (LQA) and OHA programs. No other housing policy takes precedence over or alters these provisions.

In accordance with 15 FAM 212.2-2, the Post Interagency Housing Board (IAHB) is responsible for overseeing the implementation of the housing policy and standards of 15 FAM. Due to its representative composition and familiarity with local housing conditions, the Post IAHB is considered the best resource to administer the local housing program. It reviews LQA/OHA requests for residential quarters exceeding space standards or the established rental control ceiling, housing pool allocations/assignments, and related issues.

Per 15 FAM 235.3, dedicated housing is made available to the senior representative of each Foreign Affairs Agency, to include the Senior Defense official/Defense attache (SDO/DATT). 15 FAM 261.3 specifies guidelines for the allocation of U.S. Government-owned/long-term lease (GO/LTL) residential space. FAM 261 considers GO/LTL housing a pooled resource but with Foreign Affairs Agencies and DIA receiving first consideration of use. 15 FAM 261.4 states that “Department of Defense (DOD) personnel (civilian and military) who are assigned under the Foreign Military Sales program (or other similar DOD-funded programs) are not normally entitled to U.S. Government-held housing. The host government provides housing for these personnel under the governing bilateral agreement. If the agreement does not include housing, then housing is provided within the post’s U.S. Government leasing program, or under Living Quarters Allowance/Overseas Housing Allowance (LQA/OHA) programs, and it is funded by the program under which these personnel are assigned. Such personnel are under Chief of Mission (COM) authority, and their housing remains subject to the policies and standards outlined in 15 FAM.”

In accordance with 15 FAM 237 and 238, rank of the employee and family size determine maximum residential space. Per 15 FAM 236, military and civilian personnel acquiring privately leased housing under the LQA/OHA programs must follow the same space standards as GO/LTL housing and must meet the residential security requirements contained in 12-FAH-6 H-130. In advance, the IAHB and the RSO approve any SCO housing proposed for private leases. This approach keeps safety at the forefront and promotes balance and good morale within the country team. A SCO is well served through good rapport with the RSO and proactive and positive representation on the IAHB.

Senior Defense Official/Defense Attaché (SDO/DATT) Housing

15 FAM 262 Guidelines for Dedicated Housing outlines the requirements for SDO/DATT Housing: “The senior mission representative of each foreign affairs agency (USAID, Foreign Agricultural Service, and the International Trade Agency and the senior Defense official/Defense attaché (SDO/DATT) are provided housing — within the standards — for a family of four at the grade tier corresponding to the position. This is due to the budgetary problems inherent in frequent changes of leased housing for senior agency representatives whose positions may require substantial expenditures for furniture, draperies, and security improvements. At missions where the majority of senior foreign affairs agency representatives are classified at the Senior Foreign Service (SFS) or Senior Executive Service (SES) level, the senior U.S. Defense representative will be considered of equivalent rank for the purposes of establishing housing assignments. At posts where the security assistance officer (SAO) is the U.S. Defense representative, dedicated housing should continue to be funded by the relevant Foreign Military Sales Program (or other Defense-funded program); U.S. Government-owned or capital-leased housing would not normally be provided.”

DODI C-5105.81, Enclosure 3, paragraph 2.b., Implementing Instructions for DOD Operations at U.S. Embassies, states that “DIA, DSCA, and the Combatant Commands will fund authorized housing costs for SDO/DATT billets assigned to them in accordance with policies and procedures currently in place. Housing subject to Embassy assignment processes is subject to appropriate DOS directives. SDO/DATTs receiving overseas housing allowances for privately leased housing will comply with Joint Federal Travel Regulations. Residential furniture, furnishings, appliances, and equipment may be provided if authorized in accordance with current DIA, DSCA, and Combatant Command policies and procedures. Embassy housing upgrades are not authorized for incumbents who assume SDO/DATT responsibilities on station.”

Submit to DSCA requests for ELH for newly established offices or for conversion from OHA to ELH for approval. The CCMD, after review and approval by the local Embassy Interagency Housing Board approves all other requests for replacement leases or for renewal of existing leases that exceed \$50K, to include utility costs. If the SDO/DATT requires a waiver to the DOS space standards, the SDO/DATT must obtain the waiver from the DOS before submitting a request for approval to the CCMD. The SDO/DATT or SCO must program in the budget submission and in advance any funds required for replacement leases or renewals. The same documents must separately identify and justify any additional new leases as an UFR.

Travel (TDY)

Travel (TDY) is a necessary part of business in a SCO. Personnel may travel for various missions, and, as noted earlier, the mission of the TDY will dictate the source of funds the traveler uses. Some common examples are:

- Program Management Review (PMR): If it concerns a single FMS case, case funds should pay for the TDY. There will usually be a travel line on the case for this purpose.
- Security Assistance Management Review (SAMR): When the review concerns more than one case for the country, then SCO FMS Admin funds will typically be used.
- Enhanced End Use Monitoring (EEUM) inspections: If the TDY serves solely for the purpose of the EEUM inspection, the costs will fall under FMF Admin funding. If the traveler performs an EEUM inspection in conjunction with an existing TDY with only incidental costs for the EEUM inspection, all travel costs will usually fall under the funding of the primary mission of the TDY.
- Service requirement TDYs (TAP seminars, fitness tests, medical reviews, etc.): Since it is a Service requirement, the member’s service is responsible for funding the TDY.

If the TDY is comprised of multiple missions and locations, i.e., the member is traveling to the CCMD (location A) for exercise planning and then to the National Capital Region (location B) for security assistance meetings with DSCA, the two funding sources can fund the TDY proportionally. The method is to calculate the cost of traveling to location A and back, to location B and back, and then determining the ratio between the two costs. Then, distribute the actual total cost of the round trip (Home to A to B to Home) according to that ratio. One can set the per diem fund source by each day, and also distribute the cost of transportation according to the ratio.

Emergency (Humanitarian) Leave

Per Joint Travel Regulations (JTR) Chapter 11, the SDO/DATT can request emergency leave (humanitarian leave) for SCO military personnel and their command-sponsored family members. If the DOD grants this leave, the member or family member receives round-trip commercial transportation at government expense, provided government transportation is not available, to the Continental U.S., Alaska, Hawaii, Puerto Rico, or U.S. possessions. In accordance with the JTR, the cost of authorized commercial transportation will not exceed the cost of government-procured commercial air travel from the nearest location of the SCO or the member's permanent duty station to the CONUS international airport to which a scheduled flight is available. There is no requirement to have a direct flight to the authorized airport, whether it is the airport nearest the location where the member was notified or to the airport nearest the member's permanent duty station. Round-trip transportation through Air Mobility Command (AMC) Airlift Service is also authorized. SAAF covers the cost of transportation for SAAF-funded personnel and their dependents, and O&M does likewise for non-SA billets and dependents.

U.S. direct-hire civilians and their family members may use AMC Airlift Service on a space-available basis when a bona fide family emergency arises. They will pay the transportation cost at the U.S. Government rate. These individuals also have an option to travel on a non-reimbursable, space-available basis on DOD-controlled aircraft (DOD 4515.13-R, C2.2.3.). Commercial travel in connection with emergency leave will be at the civilian member's expense for SCO personnel and their family members. In the event of TDY status, travel may be authorized as a government expense and would be paid by the billet-supporting fund.

Funded Environmental and Morale Leave (FEML)

The Funded Environmental and Morale Leave (FEML) program authorizes transportation from the permanent duty site of SCO personnel and command-sponsored family member's residence to an authorized FEML destination- but only if the overseas duty location is FEML-authorized. Not all duty locations qualify for FEML, and SCO personnel should verify with the CCMD if the FEML entitlement exists at their duty location. SCO personnel are entitled to one trip during a 24-month tour and two trips during a 36-month tour. Extensions beyond thirty-six months do not grant any additional FEML authorizations. The Joint Travel Regulation (JTR), Chapter 4, Section 0404, provides complete details for SCO members taking FEML. A member may not perform FEML travel within six months of the start or end of the tour. Family members must be command-sponsored but may travel unaccompanied. FEML duty locations and destinations are recertified biennially by the CCMD and approved by OSD (P&R). Appendix S of the JTR identifies approved FEML countries and their designated destinations.

SCO personnel and command-sponsored family members may travel from the assigned duty location to other than a designated FEML destination and/or from other than a designated FEML destination to the FEML duty location. However, the total transportation cost to the government must not exceed the cost incurred if the sponsor or family members had traveled to and/or from a designated FEML destination, as appropriate. Finally, FEML events that do not consume the maximum funds authorized do not entitle the individual to additional FEML travel. Once the individual returns to the assigned duty location, the FEML terminates, and the entitlement is considered used, regardless of any remaining value. Also, cruise and tourist packages are not permitted under this entitlement.

Language Proficiency Pay

While DSCA fully understands the positive impact of language proficiency in the international partner language for SCO personnel and in foreign language proficiency in general for building partnerships, it is the responsibility of the CCMD and the MILDEP to ensure required personnel receive pre-assignment language training if the position, as reflected on the JMD, requires language training. It is the responsibility of the CCMD to determine if a position requires a specific foreign language, and subsequently, the MILDEP to develop and implement language training programs in accordance with the needs of the Service. Although DSCA has no authority to mandate language training, the Agency encourages the use of readily available Defense Language Institute Foreign Language Center (DLIFLC) and commercial-off-the-shelf (COTS) products for non-linguists. The CCMD must determine which billets require fluency of a specific foreign language and must ensure proper coding of the personnel requisitions to include the requirement for language training. The MILDEPs must ensure that the individual selected to fill a billet is either language qualified or is enrolled in a DLIFLC-certified course of instruction to attain required language proficiency.

Proven foreign language proficiency ratings can earn military personnel a foreign language proficiency bonus (FLPB). A FLPB is an incentive pay item and as such requires sustainment training or enrollment in continuing language study to improve one's level of expertise. Foreign Area Officers (FAOs) assigned to a SCO should use FLPB to enroll in local language courses, hire a local tutor, participate in embassy-sponsored language training, or participate in other suitable language programs. SAAF resources cannot fund sustainment language training for FLPB recipients.

DLIFLC's distance learning programs and COTS foreign language training programs provide good options for SCO personnel in non-language required billets. The individual will pay for any associated language training costs. In some situations, the respective CCMD may fund such training if deemed a valid mission requirement. Language training is not a valid use of SAAF resources. The majority of language-coded billets in the SCO are for FAOs who typically receive DLIFLC training in a representative language.

SAAF funds cannot pay for SCO family member language training. Respective MILDEPs often encourage family members to attend language training with their sponsor prior to arrival in country; family members may enroll in language training at the DLIFLC on a space-available basis. Upon arrival in country, family members may attend language training offered by the embassy at their own expense.

The SCO may use SAAF funds to purchase reusable self-paced language training material for use by all SCO personnel. For a SCO staffed with DOD- and SAAF-funded positions, the allocation costs of these materials should represent the makeup of the SCO as well. The SDO/DATT may make these media available for use by family members when not in use by SCO staff.

Business Cards

DOD policy allows the printing of business cards for official purposes using existing equipment and software. A SCO may use SAAF for business cards in countries using the Arabic, Cyrillic, or other non-English alphabets. A SCO may also purchase keyboards with the Arabic, Cyrillic, or other non-English alphabets for the purpose of printing business cards or for other official uses. This exception is restricted to those individuals whose official dealings with government and business interests in those countries are frequent and critical to the interests of the U.S. and require Arabic, Cyrillic, or another non-English alphabets on the reverse; it is not for casual, social, or business courtesies unless determined by the SDO/DATT. The CCMD should issue implementing instructions and guidelines as required.

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 U.S. mission in an embassy environment. 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 help select service providers, they can also 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 U.S. Agency for International Development (USAID) will provide the majority of the services.

The embassy generates and manages the local ICASS budget. Each embassy determines how much money it requires and how it will spend those funds. They identify what services to provide, how to manage them, and what to charge for the respective service.

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, the customers could determine that vouchers should be processed within fifteen days. The customers would then use these standards to rate the effectiveness of the service providers.

The embassy manages ICASS as a modified working capital fund. This fund consists of no-year funds to allow ICASS to carry unobligated funds from one year over 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 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 services provided by an 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 bylaws 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 to provide, which organization will provide those services, and how those organizations will provide the services. 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 (DCM) is an ex-officio member of the ICASS Council, providing policy perspective to aid in resourcing decisions, but is not a voting member. The DCM 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 the ICASS Council could not resolve or a dispute that the ICASS Council did decide upon but that a participating agency does not agree with.

The ICASS Executive Board in Washington, DC, provides the highest level of ICASS policy, and the Assistant Secretary of State for Administration chairs the board. Participating agency representatives are at the assistant secretary level. The Executive Board meets quarterly to review and make policy.

The COM can elevate unresolved disputes to the ICASS Executive Board for final resolution, but this is rare. Involved agencies should use this avenue only for major items and then only after exhausting all other avenues of grievance.

The ICASS Interagency Working Group provides policy on items the ICASS Executive Board delegates to it. 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. It reviews and approves non-post costs and factors and resolves issues the embassy councils elevate.

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, provides implementation guidance on ICASS budgets and procedures, manages a cost distribution computer system and coordinates training on all ICASS issues, and 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 seeks to generate \$17.5 billion over a fourteen-year period. Its authorization comes from 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). The Act also designed CSCS 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 the DOD can minimize its footprint in the embassies and thereby reduce overall CSCS costs. For FY 2014 through FY 2016, the DOS charged tenant agencies for billets at the following rates:

- Controlled Access Area (CAA) Office—\$ 141,466
- Non-CAA Office—\$ 19,607
- Non-Office (warehouse)—\$ 5,373
- Non-embassy space—\$0

Based on those rates, the DOD must continue to make every effort to scrutinize the number of billets within the CAA. The DOS may grant a waiver for some work spaces located apart from the embassy, if the host nation facility provides safety and security equal to or greater than that which is 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. The DOS sends a copy of this report to DSCA and requests verification, which DSCA forwards 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 the 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 the DOD pays the DOS based upon what tenant agency data is in PASS. Corrections in PASS can only be made at each respective embassy; neither DSCA nor the CCMD can make these changes.

For DSCA, the purpose of the review is to ensure that the DOD pays the DOS for the correct number of DOD personnel assigned to the SCO, and that within the SCO, the DOD is able to verify the correct numbers of personnel assigned to each represented fund source. Within each SCO, there are typically three types of funded positions: FMS Admin, FMF Admin, and O&M. DSCA is responsible for the SA positions; the CCMDs or military services are responsible for the O&M billets. Additionally, PASS may show personnel assigned to a specialized training activity as members of a SCO. Administratively, they are not SA personnel but belong to a military service, which would fund them and be responsible for associated costs to include CSCS.

Upon completion of the review and verification, the SDO/DATT notifies the respective CCMD who, in turn, notifies the DSCA Comptroller. If any discrepancies arise that the SDO/DATT cannot resolve locally at the embassy level, he/she should immediately forward them through the CCMD to the DSCA Comptroller for resolution.

Although the DOS conducts this CSCS review annually, both the SCO to periodically review SCO staffing in PASS to ensure that PASS reflects all corrections and that it also shows any changes in personnel (increases and decreases due to NSDD-38 and Personal Services Agreement actions). SCOs' should address any questions to DSCA, Directorate of Business Operations, Comptroller.

SUMMARY

The SCO faces a daunting task in managing its resources. Yet, the SCO is not alone; they must remember many different organizations support them. Conversely, SCOs must report to many different organizations due to the SCOs use of multiple sources of funding and the need for services provided overseas in a an interagency environment. Ultimately, through prudent management and proactive oversight, the SCO can avoid major pitfalls.

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 receive support from the international partner through AIK. The SCO has several options available to them to fund AT/FP but will start by requesting funds from the DOS, then the FMS Admin, FMF Admin, or O&M budget, and, finally, the CCMD.

Various types of funds the SCO uses do not flow directly to the SCO. Depending on what service or item the monies fund, they flow from DSCA or the MILDEPs to the CCMD. With CCMD comptroller interface, the SCO receives funding authority to then obligate funds to cover respective, associated costs. DFAS-SCA accounts for and disburses the actual FMS Admin and FMF Admin funds.

There are many players in the SCO budget process. Congress appropriates some funds for the SCO. The DOS will submit the appropriated portion of the SCO's budget to Congress annually. DSCA provides budget targets and fiscal oversight for FMS Admin and FMF Admin 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 the SCO requires and agrees to. 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. DAI is the online application that SCOs and CCMDs use to execute budgets.

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

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

SCOs must be vigilant in preventing problems in several areas known for their resource management challenges. An internal management control program will help prevent difficulties from negatively affecting the mission of the SCO. The SCO faces 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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DODI 7250.13, Use of Appropriated Funds for Official Representation Purposes, 27 September 2017.

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

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

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

//SIGNED//

RONALD REAGAN

Attachment 17-2
Guidelines to Implement National Security Decision Directive (NSDD) Number 38
July 13, 1982

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

The purpose of the Directive and these guidelines is to allow the flexible, systematic and expeditious deployment and management of personnel of all USG 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 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

Attachment 17-2 (Continued)
Guidelines to Implement National Security Decision Directive (NSDD) Number 38
July 13, 1982

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.

