

DEPARTMENT OF THE ARMY  
U.S. Army Corps of Engineers  
441 G Street NW  
Washington, D.C. 20314-1000

\*ER 37-3-22

CERM-F

Regulation  
No. 37-3-22

1 August 2022

Financial Administration  
SUPERVISION AND ADMINISTRATION CARRYOVER

1. Purpose. This regulation promulgates policy and procedures for the implementation of obligation authority pursuant section 8070 of the Department of Defense Appropriations Act of 2005, Pub. L. 108-287, Title VIII (2004) (commonly known, and hereinafter refer to, as the “S&A Carryover Authority”). This regulation supersedes ER 37-3-22, 1 December 2003.
2. Applicability. This regulation applies to all Headquarters U.S. Army Corps of Engineers (HQUSACE) elements and U.S. Army Corps of Engineers (USACE) commands.
3. Distribution. Approved for public release; distribution is unlimited. USACE activities may provide copies of this regulation to their stakeholders.

1 Appendix  
Appendix A – CEFMSII  
Identification Codes



JAMES J. HANDURA  
COL, EN  
Chief of Staff

---

\*This regulation supersedes ER 37-3-22 dated 01 December 2003

# Summary of Changes

ER 37-3-22

United States Army Corps of Engineers

Financial Administration Supervision and Administration

Carryover This administrative revision, dated 1 August 2022 –

- Revised: 1. – To update carryover statutory authority: section 8070 of the Department of Defense Appropriations Act of 2005, Pub. L. 108-287, Title VIII (2004)
- Revised: 5. – To remove AR-420-10 and DFAS-IN 37-1 from the list of references
- Revised: 8.a. – To clarify that customer order eligible for carryover must be accepted under the authority of the Economy Act (31 U.S.C. 1535) for in-house cost supporting a non-severable contract.
- Revised: 8.c. – “To add Operation and Maintenance U.S. Space Force; and Research Development Technology and Evaluation Budget Activity 6 to the list of appropriations normally eligible for the carryover authority.
- Revised 10.d. – To clarify that “requesting activities cannot split-fund S&A costs and underlying non-S&A costs (such as contract costs) of an order using two separate appropriations as to purpose (for example, requesting activities cannot fund contract costs under an order using a procurement appropriation and fund the S&A costs associated with such contract using operation and maintenance funds).
- Added 10.f. – To prohibit the use of expired appropriations to fund labor associated with in-scope modifications.
- Added 10.g. – To prohibit the use of expired appropriations to additional labor that might be needed in conjunction with contract replacement actions.
- Added: 10.h. – To clarify that USACE activities may not use intra-Corps Military Interdepartmental Purchase Requests to circumvent the restriction that only funds available for obligation may be marked for carryover.
- Revised: Appendix A to account for recent Corps of Engineers Financial Management System II modernization changes

DEPARTMENT OF THE ARMY  
U.S. Army Corps of Engineers  
441 G Street NW  
Washington, D.C. 20314-1000

\*ER 37-3-22

CERM-F

Regulation  
No. 37-3-22

1 August 2022

Financial Administration  
SUPERVISION AND ADMINISTRATION CARRYOVER

CONTENTS

<b>Paragraph</b>	<b>Page</b>
Purpose.....	1
Applicability.....	1
Distribution Statement.....	1
Record Management Requirements .....	1
References.....	1
Background .....	1
Policy .....	2
Limitations.....	2
Reimbursable Order – Accepting Activity.....	3
Additional Guidance.....	4
<b>Appendixes</b>	
Appendix A. S&A Carryover Identification in CEFMSII .....	1

1. Purpose. This regulation promulgates policy and procedures for the implementation of obligation authority pursuant to section 8070 of the Department of Defense Appropriations Act of 2005, Pub. L. 108-287, Title VIII (2004) (commonly known, and hereinafter refer to, as the “S&A Carryover Authority”). This regulation supersedes ER 37-3-22, 1 December 2003.

2. Applicability. This regulation applies to all HQUSACE elements and USACE commands.

3. Distribution. Approved for public release; distribution is unlimited. USACE activities may provide copies of this regulation to their stakeholders.

4. Records Management (Record Keeping) requirements. Records management requirements for all record numbers, associated forms, and reports required by this regulation are included in the Army’s Records Retention Schedule – Army (RRS-A). Detailed information for all record numbers, forms, and reports associated with this regulation are located in the RRS-A at <https://www.arims.army.mil>.

5. References.

a. Department of Defense Appropriations Act of 2005, Pub. L. 108-287, Title VIII, sec. 8070 (2004 (“S&A Carryover Authority”). <https://www.govinfo.gov/content/pkg/PLAW-108publ287/pdf/PLAW-108publ287.pdf>.

b. Economy Act (31 U.S.C. 1535). <https://www.govinfo.gov/content/pkg/USCODE-2011-title31/html/USCODE-2011-title31.htm>.

c. ER 415-1-16, Construction Fiscal Management. <https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER415-1-16.pdf?ver=M2HchEeDj8p3GTwYY4yew%3d%3d>.

6. Background.

a. The S&A Carryover Authority provides: “Hereafter, funds appropriated for Operation and Maintenance and for the Defense Health Program in this Act, and in future appropriations acts for the Department of Defense, for supervision and administration costs for facilities maintenance and repair, minor construction, or design projects, or any planning studies, environmental assessments, or similar activities related to installation support functions, may be obligated at the time the reimbursable order is accepted by the performing activity: Provided, That for the purpose of this section, supervision and administration costs includes all in-house Government cost”.

b. When applicable, the authority permits Department of Defense (DoD) requesting activities to obligate the full amount of funding for a qualifying non-severable Economy Act

(31 U.S.C. 1535) order, to include USACE S&A and other in-house costs, at the time an order is placed, and for such funding to remain obligated across fiscal years (“carryover”) until the work is completed or the order is terminated.

7. Policy.

a. It is USACE policy that, upon receipt of a reimbursable order to which the S&A Carryover Authority applies, the full estimated amount of in-house costs to be incurred over the life of the reimbursable order be certified for obligation to ensure these funds are identified as eligible for carryover. S&A expenses eligible for carryover include in-house costs for: performance of design by in-house forces; preparation of Request for Proposals for non-design studies as well as for design-build, design-bid-build, or other construction procurement methods; supervision and review of Architect-Engineer designs and studies; supervision and administration of construction through warranty; Planning Studies to include natural and cultural resources surveys; economic analyses; hazardous, toxic, and radiological waste investigations; facility utilization studies; noise analysis; air quality investigations; Master Planning; Environmental Assessments, Environmental Impact Statements (EIS); Environmental Baseline Surveys (EBS); Integrated Natural Resource Management Plans; Integrated Cultural Resource Management Plans, Coordination with Native American Organizations; and similar activities. Funds not certified for carryover will be returned to the requesting activity.

b. The intent of this policy is to ensure that funding obligated for estimated S&A and other qualifying in-house costs assigned against a reimbursable order can be retained by the performing activity regardless of whether performance crosses fiscal years. Current higher headquarters policy does not permit carryover funds certified for obligation to be reported for an expired appropriation and requires all unobligated funds of expiring appropriations to be returned to the requesting activity before fiscal year end. Until policy permits carryover funds certified for obligation to be reported, funds will be carried over based on the procedures outlined in Appendix A of this regulation.

8. Limitations. The S&A Carryover Authority will only be exercised in situations where all of the following conditions are met:

a. The order is being issued and accepted under the authority of the Economy Act (31 U.S.C. 1535).

b. The order is for non-severable work that falls under one of the enumerated categories of the S&A Carryover Authority (such as facility maintenance and repair projects, minor construction projects, or the design of such projects; or planning studies, environmental assessments, or similar non-severable activities related to installation support functions).

c. The amount of funds on the order is sufficient to cover all estimated costs (such as contract, in-house and contingencies) necessary to complete the work ordered. The contract need not be awarded by the District performing the S&A services but must be awarded prior to FY end. When the contract is awarded by direct fund cite, all in-house costs must be funded with a separate reimbursable order, executed in conjunction with the direct fund cite

order. Once G-Invoicing is fully implemented, the direct funds cite portions of an order and the reimbursable S&A associated with it will be included on a single FS Form 7600B as separate line items.

d. The requesting activity cites a current fiscal year appropriation under a Department of Defense Appropriations Act that is available for operations and maintenance or the Defense Health Program. Such appropriations include:

- Operation and Maintenance, Army
- Operation and Maintenance, Navy
- Operation and Maintenance, Marine Corps
- Operation and Maintenance, Air Force
- Operation and Maintenance, Space Force
- Operation and Maintenance, Defense-Wide
- Operation and Maintenance, Army Reserve
- Operation and Maintenance, Navy Reserve
- Operation and Maintenance, Marine Corps Reserve
- Operation and Maintenance, Air Force Reserve
- Operation and Maintenance, Army National Guard
- Operation and Maintenance, Air National Guard
- U.S. Court of Appeals for the Armed Forces Overseas Humanitarian, Disaster, and Civic Aid (expires after two fiscal years)
- Research Development, Test, and Evaluation, Army (Budget Activity 6)
- Research Development, Test, and Evaluation, Navy (Budget Activity 6)
- Research Development, Test, and Evaluation, Air Force (Budget Activity 6)
- Research Development, Test, and Evaluation, Space Force (Budget Activity 6)
- Research Development, Test, and Evaluation, Defense-Wide (Budget Activity 6)
- Defense Health Program

9. Reimbursable Order - Accepting Activity. Upon acceptance of a reimbursable order that complies with the above criteria, USACE activities will:

a. Annotate the requesting activity's copy of the order with the following statement: "This order is accepted under the provisions of 31 U.S.C. 1535 and Pub. L. 108-287, Title VIII, sec. 8070 (2004)."

b. Certify for obligation, no later than the start of in-house design, planning studies, or environmental assessments, or the award date of the design, construction, environmental, or

planning contract, the full estimated amount of in-house costs to be incurred over the life of the reimbursable order. The amounts certified will be adjusted as required to reflect new or refined estimates. The certified amount will remain open until the completion or termination of the order, even if that date occurs beyond the period of availability of the funds provided on the order.

c. Further guidance pertaining to the mechanics of establishing the requesting activity's order in CEFMSII is contained in the Appendix A of this regulation.

#### 10. Additional Guidance.

a. The S&A Carryover Authority cannot be used for reimbursable orders for real estate actions.

b. The S&A Carryover Authority cannot be used for orders for severable services.

c. Requesting activities cannot split-fund S&A costs and underlying non-S&A costs (such as contract costs) of an order using two separate appropriations as to purpose (for example, requesting activities cannot fund contract costs under an order using a procurement appropriation and fund the S&A costs associated with such contract using operation and maintenance funds).

d. This regulation discusses only those reimbursable orders and amendments thereto that cite appropriations described in paragraph 8.d. above.

e. Any amount of funds provided on an order for S&A that is determined to be more than the amount needed for S&A expenses, or otherwise ineligible for carryover under the S&A Carryover Authority, will be returned to the requesting activity (ordering agency) by the performing activity as soon as the performing activity realizes that the funds are no longer required or cannot be used for USACE S&A expenses.

f. Neither this regulation, nor the S&A Carryover Authority, grants authority to carryover funds for contingencies or uncertified contract changes. Such costs must be analyzed and funded following applicable fiscal law requirements and current regulations and policies.

g. For orders still open after fiscal year-end, any amendments to those orders for upward, in-scope, antecedent liability contract adjustments must be funded with the same fiscal year funds cited on the original contract. The S&A costs associated with such contract modifications should be funded with current year funds.

h. For orders that require a replacement contract action, S&A funding obligated on the original order may only be carried over for S&A costs of the replacement contract if the original order is not terminated. If the parties terminate the original order and execute a new order for the replacement contract work, current year funds must be provided for all

S&A costs of the new order. If the original order is not terminated, but there are insufficient funds on the original order for S&A costs, current year funds should be used to cover the deficit.

i. It is immaterial whether a USACE performing activity receives an order directly from a requesting activity or through another USACE activity. A USACE activity that brokers a requesting activity's order to another USACE activity will do so only during the same fiscal year that the original requesting activity's order from outside USACE is received. Additionally, enough time will be allowed before the end of the fiscal year for the performing USACE activity to establish the work item in CEFMSII.

j. Questions or requests for waivers to this policy will be directed through Major Subordinate Commands to HQUSACE (CERM-F).



Appendix A  
S&A Carryover Identification in CEFMSII

A-1. CEFMSII programming to implement the S&A Carryover Authority was originally released on 15 August 1997. The programming included a Headquarters Data Manager Table Carry Over Appropriation Data Maintenance (Legacy Screen 10. COVR) identifying the appropriations to which the S&A Carryover Authority applies. Additionally, a carryover indicator is available on the stakeholder order source appropriation screen of the Customer Order Modules Create/Update option. The person recording the source appropriation of a stakeholder order is required to identify whether S&A Carryover Authority applies by placing a 'Y' or 'N' in the indicator. USACE counsel can assist in making this determination and should be consulted in any instances where it is not clear whether the authority applies. If the source is a non-carryover appropriation, the field cannot be populated. A help screen summarizing the carryover guidance is available to the right of the carryover indicator field. The Accepting Office for a stakeholder order is advised in the acceptance process when a stakeholder order amendment is being accepted under carryover provisions (i.e., includes a line item with a carryover indicator of 'Y') and the hard copy stakeholder order acceptance identifies the stakeholder order line item(s) accepted under carryover provisions. The carryover indicator is also available for update in the Modification/Corrections section of the Customer Order Module to permit existing stakeholder order line items to be identified for carryover.

A-2. Year-end programs record an obligation for in-house carryover amounts certified for obligation (Method of Accomplishment 'I1' and 'I2') and report them accordingly. These obligation transactions are reversed after year-end and the amounts are carried over for execution. Year-end programs will NOT carryover (i.e., will write down) in-house carryover amounts certified for obligation if the Order Expiration Date on the first page of the stakeholder order is less than or equal to 30 September of the current fiscal year. If the Order Expiration Date is less than or equal to 30 September of the current fiscal year, the stakeholder order has expired, and all unobligated funds will be written down and returned to the stakeholder.

A-3. The following reports have also been developed to aid in identifying stakeholder orders to which carryover can apply or has been applied. These reports are accessed through the 'Other Reports' area of the Report Selection Menu.

ID	<u>Report Title</u>	<u>Report</u>
Expiring	Open Commitments Marked To Be Carried Over	yeyesco
Expiring	Open Commitments Marked Not To Be Carried Over	yenoco
Expiring	Open Commitments Available To Be Carried Over	yeavalco
Expiring	Carryover Uncommitted Amounts	yefundco
Expiring	Carryover Orders to be Returned	yeexpco