Office of the Secretary of Defense

§ 162.6 Procedures.

The following procedures shall be followed by the DoD Components in the identification, documentation, selection, and financing of PECI projects:

(a) Document each PECI project to ensure that it is:

(i) A desirable action in accordance with the DoD Component’s long-range planning and programing objectives, quality objectives, and customer and/or user satisfaction.

(ii) Monitor and evaluate DoD Component PECI efforts.

(iii) Ensure compliance with DoD Directive 7750.5.

(b) The Inspector General of the Department of Defense (IG, DoD) shall provide policy and guidance for the audit of the PECI and incorporate the requirement for audit into audit planning and program documents.

(c) The Heads of the DoD Components shall:

(i) Develop and sustain a formal PECI program that:

(a) Emphasizes and encourages the improvement of day-to-day operations through PECI funding.

(ii) Provides motivation and opportunities for personnel, at all levels, to participate in the identification, documentation, and implementation of PECI proposals.

(iii) Includes PIF, PEIF, and CSI efforts, as appropriate.

(iv) Reviews and approves submitted projects, broadens project applicability when reasonable, applies off-the-shelf technology, and integrates capital investment planning into the PPBS.

(2) Designate an official to be the central point of contact (POC) who shall oversee and monitor the PECI program.

(3) Establish procedures ensuring that the policies contained in §162.4, above, are adhered to.

§ 162.5 Responsibilities.

(a) The Assistant Secretary of Defense (Force Management and Personnel (ASD(FM&P))) shall:

(1) Develop policies and guidance for the overall DoD PECI program.

(2) Maintain oversight of the PECI program to ensure implementation of this instruction. Through FY 1993 that oversight includes total process control and coordination of PIF actions to identify, select and approve, reprogram PIF funds to alternate approved PIF projects. The PIF projects shall be monitored to ensure timely implementation and to validate savings through the amortization period. The PECIs are subject to audit as established by DoD Instruction 7600.27 (reference (g)) policy.

(b) The Inspector General of the Department of Defense (IG, DoD) shall provide policy and guidance for the audit of the PECI and incorporate the requirement for audit into audit planning and program documents.

(c) The Heads of the DoD Components shall:

(1) Develop and sustain a formal PECI program that:

(i) Emphasizes and encourages the improvement of day-to-day operations through PECI funding.

(ii) Provides motivation and opportunities for personnel, at all levels, to participate in the identification, documentation, and implementation of PECI proposals.

(iii) Includes PIF, PEIF, and CSI efforts, as appropriate.

(iv) Reviews and approves submitted projects, broadens project applicability when reasonable, applies off-the-shelf technology, and integrates capital investment planning into the PPBS.

(2) Designate an official to be the central point of contact (POC) who shall oversee and monitor the PECI program.

(3) Establish procedures ensuring that the policies contained in §162.4, above, are adhered to.

As an incentive a portion of these savings, when possible, should remain at the submitting activity.

(e) Funds provided through FY 1993 from the centrally managed OSD PIF may not be reprogrammed for non-PIF purposes without prior approval of the Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)). The Heads of DoD Components shall monitor obligation rates to ensure PIF projects are executed quickly. If project funding cannot be obligated within the specified fiscal year(s) for the type of funding, the Head of the DoD Component must reprogram PIF funds to alternate approved PIF projects. The PIF projects shall be monitored to ensure timely implementation and to validate savings through the amortization period. The PECIs are subject to audit as established by DoD Instruction 7600.27 (reference (g)) policy.

1See footnote 1 to §162.1(a).

8See footnote 1 to §162.1(a).
(3) Justified on the basis of a valid economic analysis done in accordance with DoD Instruction 7041.3.

(4) Validated as to reasonableness, completeness, and correct appropriation.

(5) Classified properly as having savings or cost avoidance benefits.

(b) Include resources for PECI in programming documents and budget submissions. The level of funding shall be established under quality and productivity plans and goals established by the Component.

(c) Use guidelines for project documentation, pre-investment analysis, financing, and post-investment accountability of PECI projects, when DoD 5010.36-H is published.

(d) Classify PECI projects for financing and aggregated reporting as follows:

1. **PIF projects.** PIF projects are competitively selected from candidate proposals and financed through traditional budget appropriation processes from funds set aside for this purpose. PIF projects must cost over $100,000 and must amortize within 4 years from the date that they become operational. Both equipment and facilities investments that conform to public law, or DoD policies governing their qualification, may be included. Projects may include a function at several activities or locations and be Service-wide or Agency-wide. In FY 1994 the threshold will change to $150,000.

2. **PEIF projects.** PEIF projects are financed from the DoD Component accounts established in annual appropriations and are expected to amortize within 2 years of the date they become operational. Funding for PEIF projects shall be included in the DoD Component annual appropriations as a single amount to cover projects, as they are proposed throughout the budget year. PEIF projects cannot exceed $100,000 or cost limitations established by the OSD (whichever is greater) and are limited to facility modification and acquisition of “off-the-shelf” equipment requiring little or no modification before use. In FY 1994 the limit changes to $150,000. Justification for those projects shall be based on the potential to improve quality and productivity that is realized through improvements in operating methods, quality, processes, or procedures.

(3) **CSI.** CSI projects are investments financed from the DoD Component accounts that may have longer amortization periods than the PEIF and may have different DoD Component cost or benefit criteria than those specified for PIF projects. The CSI projects shall be identified and included in the DoD Component’s annual budget.

§ 162.7 Information requirements.

(a) DoD Components shall submit to the ASD (FM&P), by December 15th of each year, an annual status report on all PECI programs as outlined in appendix A to this part. The DoD Components shall maintain the data at a central point to support reporting requirements.


APPENDIX TO PART 162—REPORTING PROCEDURES

A. General

The PECI reporting requirements provide the OSD with summary information required to provide program accountability, and satisfy the congressional concerns on program management. Information may be submitted in memorandum, letter, or other acceptable form.

B. Information Requirements

1. **PIF.** Each DoD Component that has a funded PIF project must annually report summary PIF information. The information required for each project follows:

   a. **Project Identification.** Provide the 11-digit code for each project that has been approved for desired funding, such as follows:

      (1) **A92BAxxxxxx**

      (a) “A” is for an Army project.

      (b) “92” is for a FY92 project.

      (c) “BA” is an Approved PIF project.

      (d) “xxxxxx” is a DoD Component identifier.

   b. **Total Funds Provided.** For each project provide the cumulative amount of PEIC funds invested in the project.

   c. **Total Amount Obligated.** For each project provide the cumulative amount of funds obligated against the project.

   d. **Actual Savings.** For each project provide the cumulative actual savings generated.