

**BY ORDER OF THE  
SECRETARY OF THE AIR FORCE**

**AIR FORCE INSTRUCTION 23-205**

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**Supply**

**MANAGING THE PROCUREMENT  
MATERIEL PROGRAMS**

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This instruction implements AFPD 23-2, *Air Force Supplies and Materiel Management*. It prescribes procedures and responsibilities for those who plan, direct, and execute Aircraft (3010), Missile (3020), and Other Procurement (3080) appropriation programs. It applies to all Air Force Secretariat (SAF), HQ USAF, major command (MAJCOM), Air Force Program Executive Officer (AFPEO), direct reporting unit (DRU) and field operating agency (FOA) offices responsible for procurement appropriation programs.

**SUMMARY OF REVISIONS**

This revision aligns the instruction with AFPD 23-2. This revision replaces AFR 401-1 and provides guidelines for managing procurement materiel programs.

## Chapter 1

### SCOPE AND OBJECTIVES

**1.1. Scope.** This instruction relates to SAF-directed and HQ USAF-directed procurement of investment items or categories, which the Congress authorizes and appropriates, and the Office of the Secretary of Defense (OSD) apportions or approves for obligation. It outlines specific controls that apply to the current and two prior program years in the three procurement appropriations: 3010, 3020, and 3080.

**1.2. Objectives.** To:

- 1.2.1. Give SAF and HQ USAF appropriation program data help justify reprogramming of directed programs.
- 1.2.2. Encourage program managers to plan early to permit effective obligation of their programs.
- 1.2.3. Make sure program directors promptly use their obligation authority for acquiring systems, major items of equipment, and logistical support according to established policy and fiscal guidance.
- 1.2.4. Set up uniform and definitive procedures for directing and reviewing appropriation programs.
- 1.2.5. Help Air Force managers assess the progress of their programs.
- 1.2.6. Establish procedures for processing program adjustments.

## Chapter 2

### FUNCTIONAL AREA RESPONSIBILITIES

**2.1. The Director of Budget Investment, Deputy Assistant Secretary, Budget (SAF/FMBI).** SAF/FMBI is Appropriation Manager for 3010, 3020, and 3080 funds. SAF/FMBI issues the Budget Authorization (BA) which is the only authority for procuring commands to commit, obligate, and expend funds.

**2.2. The Deputy Assistant Secretary, Management Policy and Program Integration (SAF/AQX) and the Directorate of Supply (HQ USAF/LGS).** SAF/AQX and HQ USAF/LGS share Appropriation Programs management. SAF/AQX is Appropriation Programs Manager for 3010 and 3020 programs, and HQ USAF/LGS is Appropriation Programs Manager for 3080 programs. The Appropriation Programs Managers:

2.2.1. Control and provide overall surveillance of directed programs to ensure programming is within the guidelines set by OSD and the Congress.

2.2.2. Evaluate and realign current and future requirements into a balanced and defensible program based on published guidance, force structure, funding constraints, and the needs of field elements.

2.2.3. Provide Procurement Authorizations (PA) to MAJCOMs, AFPEOs, DRUs and FOAs. The PA directs commands to initiate procurement actions.

2.2.4. Help resolve problems concerning propriety of funding issues. To work these issues, SAF/AQX and HQ USAF/LGS consult with the Assistant Secretary of the Air Force, Budget, the final authority on propriety of funding issues.

2.2.5. Assist with the preparation and submission of all formal reprogramming actions.

2.2.6. Establish and approve clearly defined and realistic initiation, commitment and obligation goals, in agreement with OSD targets to measure program progress.

**2.3. MAJCOMs, AFPEOs, DRUs, and FOAs:**

2.3.1. Comply with this instruction and other HQ USAF and SAF special instructions.

2.3.2. Periodically review directed programs for the current and two prior program years.

2.3.3. Submit requests for adjustment of directed programs.

2.3.4. Submit reports and requested documentation.

## Chapter 3

### OPERATING PROCEDURES

**3.1. Overview.** Several budget programs make up each procurement appropriation. Responsibility for managing individual budget programs or subordinate parts belongs to various elements of the Air Force Secretariat, Air Staff, MAJCOMs, AFPEOs, DRUs and FOAs. See [Attachment 2](#) for a list of the budget programs within each appropriation and the SAF or HQ USAF office responsible for each budget program. HQ USAF and SAF justify these appropriations to OSD, OMB, and the Congressional committees. The Congress enacts authorization and appropriation bills that establish controls at the line-item level. Control at the line-item level may be expressed or implied in the reports which accompany a bill. The Congress, OMB, and OSD allow limited flexibility because they recognize situations and priorities will change during execution.

**3.2. Program Reviews.** MAJCOMs, AFPEOs, FOAs and DRUs must conduct periodic reviews of directed programs for the current and two prior program years. These organizations determine the timing and frequency of these reviews.

3.2.1. Determine the continued validity of requirements when compared to established milestones.

3.2.2. Develop recommendations for adjusting existing PAs to satisfy revised requirements.

3.2.3. Notify SAF/AQX or HQ USAF/LGS when the PA direction does not match the program as directed by the Program Management Directive (PMD).

3.2.4. Identify funds not required to complete the scope of the directed program or that are available to meet higher priority requirements.

**3.3. Program Execution.** MAJCOMs, AFPEOs, FOAs, DRUs, HQ USAF, and SAF formulate and implement procurement programs for each program year on a phased basis. Programs must be consistent with realistic procurement leadtimes to meet scheduled delivery dates and time-phased logistics support requirements. Financing for each program-year increment must be according to the full funding concept in AFI 171-101, volume 1. Even though 3010, 3020, and 3080 funds are available for 3 years, all program managers must plan to obligate funds in the first year of availability.

**3.3.1. Planning/Advance PR or MIPR.** MAJCOMs, AFPEOs, FOAs, and DRUs may use the President's Budget (PB) to develop their advance procurement planning. HQ USAF and SAF program managers will provide information on Congressional adjustments as the Congressional review cycle evolves. Where practical, they will issue advance PAs to the MAJCOMs, AFPEOs, FOAs, and DRUs before the first of October or soon thereafter, based on OSD's release of funds. MAJCOMs should use Planning/Advance PRs or MIPRs and multiple year contracts to minimize administrative leadtime and improve program execution. The use of an Advance MIPR requires prior agreement between the procuring agency and the MAJCOM. On the basis of an Advance MIPR, the procuring agency may begin initial administrative actions such as obtaining internal coordination and preparing a procurement plan. Enter Planning/Advance PRs or MIPRs in the appropriate accounting system as initiations. Do not commit or obligate a program until HQ USAF or SAF provides program direction and issues a BA certifying that funds are available.

**3.3.2. PAs Issued for Systems With a Program Management Directive (PMD).** PAs issued for systems or projects for which there is a PMD should be consistent with the funding section of the

PMD for the current and two prior program years. When overall program management requirements or the program cycle timing result in differences between these documents, the PA takes precedence over all other program documents. The PA is the only authority for official program direction in the current and two prior years. PMDs or other similar documents do not convey the authority to execute procurement programs. Programs must be listed in the *USAF Force and Financial Plan* and they must be authorized and appropriated by the Congress before they can be executed.

**3.3.3. Authorized Flexibility.** Use it to solve reprogrammings before seeking SAF or HQ USAF PA and BA adjustments. MAJCOMs, AFPEOs, DRUs and FOAs may use their granted flexibility only to the extent below:

**3.3.3.1. Flexibility in the Systems Area of 3010 and 3020 Appropriations (BPs 10, 20, and 23):**

- There is no flexibility in directed quantities or dollars between Budget Program Activity Codes (BPAC).
- Unless specifically stated in the PA or BA, flexibility is allowed within and between Material Program Codes (MPC) within individual BPACs. **EXCEPTION:** MPC XX30, Advance Procurement, which is separately controlled. In all cases, flexibility must reflect the same changes in both the related PA and BA.
- Commands may not increase the scope of, add new lines to, or expand the effort of directed programs.

**3.3.3.2. Flexibility Within Line Items In the Nonsystem Areas of 3010 And 3020 Appropriations (all BPs Except BPs 10, 20, and 23):**

- MAJCOMs, AFPEOs, DRUs and FOAs have some flexibility within the nonsystem areas, subject to HQ USAF or SAF imposed limits on certain BPACs, MPCs, or quantities. These limits are outlined in the Procurement or Budget Authorizations. In all cases, flexibility must reflect the same changes in both the related PAs and BAs. This flexibility applies to all nonsystem areas except the BP12 Air Force Simulator Program and BP19. BP19 has no flexibility.
- MAJCOMs, AFPEOs, DRUs, and FOAs do not have the authority to increase the scope of, add new lines to, or expand the effort of directed programs. This applies to all nonsystem areas of 3010 and 3020 except BP12. Within BP12 AFMC does have the authority to increase the scope of and expand the effort of directed programs, except for the Air Force Simulator Program, which shares BP12.

**3.3.3.3. Flexibility in the 3080 Appropriation:**

- **MAJCOMs, AFPEOs, DRUs and FOAs may have limited flexibility within, but not between, the 3080 appropriated budget programs: Munitions and Associated Equipment (BP8100), Vehicular Equipment (BP8200), Electronics and Telecommunications Equipment (BP8300), and Other Base Maintenance and Support Equipment (BP8400). Such flexibility is subject to HQ USAF/LGS and SAF/FMBI imposed restrictions defined in individual Procurement and Budget Authorizations.**
- MAJCOM flexibility between BPACs is limited to the amounts in the "Ceiling" column of the current BA. Determine the ceiling amounts, if flexibility is allowed, using the following:

<b>BP</b>	<b>Authorized Flexibility (See Note)</b>
8100	35% or \$750,000 (whichever is less)
8200	35% or \$400,000 (whichever is less)
8300	20% or \$500,000 (whichever is less)
8400	30% or \$450,000 (whichever is less)

**NOTE:** Within Budget Programs 8300 and 8400 do not flex funds in the following BPACs without approval from the following organizations:

<b>BPAC</b>	<b>Approval</b>
833440 Drug Interdiction Support	OSD
834010 Automatic Data Processing	HQ USAF/SCP/B/LGSP
845010 Base Procured Equipment	HQ USAF/LGSP
845060 Medical/Dental Equipment	HQ USAF/SGHC/LGSP
845370 Productivity Enhancements	HQ USAF/PRMI/LGSP

- Commands do not have authority to transfer funds availability unless it is excess to known requirements. Commands may not increase program scope, establish funding for an undirected BPAC, or change quantities.

**3.3.4. Request for PA Adjustments.** The MAJCOM, AFPEO, DRU, or FOA must submit requests for PA adjustments when authorizations are inconsistent with program requirements, or when necessary to meet unprogrammed critical requirements. The commands must use the current PA and BA to make commitments until the revised PA and BA are received. Adjustment requests must include recommended realignment of currently programmed items and related funds. MAJCOMs, AFPEOs, DRUs and FOAs also must:

3.3.4.1. Use authorized flexibility to solve reprogrammings before seeking SAF or HQ USAF BA and PA adjustments.

3.3.4.2. Report actual and proposed changes from directed programs, which require a revised PA or BA. At least quarterly, use AF Form 743, **Request for Adjustment to Directed Program**, to request changes to nonsystem programs. If MAJCOMs, AFPEOs, DRUs and FOAs do not need adjustments, and have not reprogrammed BPACs within their flexibility limits, no quarterly report is required. Use the codes in the following table to complete AF Form 743.

**Table 3.1. Table 1.Reprogramming Reason Codes (See Note).**

<b>CODE</b>	<b>REASON</b>
A	Excess due to contract award cost less than program direction
B	Contract negotiated cost exceeds program direction
C	Bid price over program direction
D	Increase quantity per contract option and/or favorable unit cost
E	Requirement no longer exists because: _____
F	Funds will expire before projected obligation date because: _____
G*	Other: _____
*Use code "G" if codes "A" through "F" do not apply	

**NOTE:**

Use the Remarks Section on AF Form 743 to further explain codes "A" through "G" reprogramming actions.

3.3.4.3. Submit request for changes to the HQ USAF or SAF office with budget program (BP) responsibility for the budget program requiring adjustment. See [Attachment 2](#) for a listing of offices responsible for BPs.

3.3.4.4. State justification on the report to let HQ USAF and SAF personnel make an informed decision before reflecting the change on the DD Form 1416, **Semiannual Report of Programs**, to the Congress.

**3.3.5. Program Status Reports.** MAJCOMs, AFPEOs, DRUs and FOAs will report, through the appropriate accounting system, the status of commitments, obligations, and expenditures for the current and two prior program years. Report the status at the same level of detail and with the same BPAC numbering as directed on the PA.

**3.4. Forms Prescribed.** AF Form 743, **Request for Adjustment to Directed Program.**

JOHN M. NOWAK, Lt Gen, USAF  
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## Attachment 1

### GLOSSARY OF TERMS

#### *Abbreviations and Acronyms*

**AFPEO**—Air Force Program Executive Officer

**BPAC**—Budget Program Activity

**DRU**—Direct Reporting Unit

**FOA**—Field Operating Agency

**MAJCOM**—Major Command

**MPC**—Material Program Codes

**OSD**—Office of the Secretary of Defense

**PB**—President's Budget

**PMD**—Program Management Directive

**SAF**—Secretary of the Air Force (Secretariat)

#### *Terms*

**Adjustment to Directed Program**—Any change to the directed procurement program requiring the issuance of a new or revised procurement authorization. MAJCOM program adjustments within authorized program flexibility which do not require an immediate, revised procurement authorization, but must be reported according to paragraph 3.3.4.

**Budget Authorization (BA)**—The formal document SAF/FMB issues which gives the authority to commit, obligate, and expend funds.

**Commitment**—Funds administratively reserved for future obligations based on firm requisitions, Planning/Advance Purchase Requests (PR), Military Interdepartmental Purchase Requests (MIPR), Administrative Commitment Document (ACD), directives requiring actual procurement actions, or other written evidence of intentions to incur obligations.

**Current Procurement Program**—A statement of line items or categories of materiel or services for which HQ USAF/LGS or SAF/AQX issues Procurement Authorizations. The Procurement Authorization for these items is written against a specific appropriation, budget program category, or line item for a given program year (current procurement program is also referred to as a "buy program").

**Expenditure**—The disbursement of funds for services or items received.

**Flexibility**—The authority granted MAJCOMs or reserved by HQ USAF or SAF to increase or decrease the:

- Quantity of items to be procured
- Allocated or directed dollar amounts.

**Full Funding**—Department of Defense policy requires the full funding of programs that are funded within the procurement appropriations. Each fiscal year's appropriation request and subsequent program

execution must fund the full amount required to procure a given quantity of complete militarily usable end-items. Costs include the total projected expenses incurred to complete delivery. During execution, if it becomes necessary to cite more than one program year funds on a contract, each program year quantity and dollars must meet the full funding principles.

**Obligation**—An order placed, contract awarded, and other legally binding agreement which creates a liability for the US Government.

**Periodic Review**—A recurring MAJCOM, AFPEO, FOA, DRU, HQ USAF, or SAF review of procurement programs for the current and two prior program years.

**Planning/Advance Purchase Request (PR) and Military Interdepartmental—Purchase Request (MIPR)** - Planning/advance PRs and MIPRs are purchase requests which enable the procuring activity to start procurement planning before receiving authority to obligate. Planning PRs and MIPRs relate to acquisition of materiel and services in the current procurement program year.

**Procurement Authorization (PA)**—A formal authorization from HQ USAF/LGS or SAF/AQX directing the procurement of a specific line item, a budget program, or any part thereof. The PA is the only document HQ USAF or SAF issues for this purpose.

**Procurement Execution Cycle**—The period (maximum of three years) after Congressional appropriation that funds are available for new obligations.

**Systems and Nonsystems Programs**—Systems programs include major weapons such as C-17 or AMRAAM for which HQ USAF or SAF issues procurement or budget authorizations to the procuring command. Nonsystem programs are support systems. These programs include such areas as spares, replacement equipment, vehicles and modifications funded in the 3010, 3020, and 3080 appropriations.

## Attachment 2

### BUDGET PROGRAM (BP) RESPONSIBILITIES

BUDGET PROGRAMS	BP RESPONSIBILITY
<b>AIRCRAFT-3010</b>	
Weapon Systems (BP10)	SAF/AQXR
Modifications (BP11)	HQ USAF/LGSW
Common Ground Equipment (BP12)*	HQ USAF/LGSP
Industrial Facilities (BP14)	SAF/AQXM
Replen Spares and Repair Parts (BP15)	HQ USAF/LGSW
Initial Spares (BP16)	HQ USAF/LGSW
War Consumables (BP17)	HQ USAF/LGSP
Other Production Charges (BP19)	SAF/AQXR
* <b>NOTE:</b> The Air Force Simulator Program managed by SAF/AQP shares this Budget Program with HQ USAF/LGSP.	
<b>MISSILE-3020</b>	
Weapon Systems (BP20)	SAF/AQXR
Modifications (BP21)	
Replacement Equipment (BP22)	HQ USAF/LGSP
Space Programs (BP23)	SAF/AQXR
Industrial Facilities (BP24)	SAF/AQCM
Replenishment Spares (BP25)	HQ USAF/LGSW
Initial Spares (BP26)	HQ USAF/LGSW
Special Programs (BP29)	SAF/FMBMB
<b>OTHER PROCUREMENT-3080</b>	
Munitions & Associated Eqmt (BP81)	HQ USAF/LGSP
Vehicular Equipment (BP82)	HQ USAF/LGSP
Electronics & Telecom Eqmt (BP83)	HQ USAF/LGSP
Other Base Maint & Support Eqmt (BP84)	HQ USAF/LGSP
Base Procured Investment Eqmt (BP84)*	HQ USAF/LGSP
Modifications**	HQ USAF/LGSP
Spares & Repair Parts*	HQ USAF/LGSP

\* Line item within BP84

\*\* Line items within all four budget programs