

CHAPTER 11

**CASH, UNMATCHED DISBURSEMENTS, AND
NEGATIVE UNLIQUIDATED OBLIGATIONS**

1101 **GENERAL**

110101. **Purpose.** This chapter prescribes the accounting standards and related management requirements necessary to establish and maintain financial control over disbursement, collection and adjustment transactions affecting the fund balances with the U. S. Treasury and cash resources not part of the fund balance with the U. S. Treasury. The applicable general ledger accounts are included in the DoD Uniform Chart of Accounts and their use is illustrated in Volume 4, chapter 2, of this Regulation. This chapter also prescribes the requirements for researching and correcting negative unliquidated obligations, unmatched disbursements, disbursements in suspense accounts, and disbursements in-transit.

1102 **DEFINITIONS**

A. **Canceled Appropriation.** An appropriation that has been canceled in accordance with the provisions of Public Law 101-510. This term also applies to appropriations that otherwise would have been canceled, but have not been closed by the Treasury Department because the appropriation has a negative balance.

B. **Chargeable Account.** The appropriation (Department Code, Fiscal Year, and Appropriation symbol) contained in the line of accounting cited on the obligation document that is the basis for a particular payment.

C. **Currently Available Appropriation.** An appropriation or fund against which new obligations may be incurred and recorded (as contrasted with an expired or canceled appropriation against which new obligations may not be incurred).

D. **Disbursement In-Transit.** A disbursement transaction that has been transmitted by a disbursing office to an accounting office, but has not yet been received by the accounting office.

E. **Disbursement in Suspense Account.** A disbursement transaction that (1) has been reported to the Treasury Department, (2) has not been identified to a specific fund holder or (3) is placed in a suspense account while research efforts are underway.

F. **Disbursement Not Sent.** A disbursement transaction that has been reported to the Treasury Department by a disbursing office, but has not yet been transmitted to the accounting office.

G. **Expired Appropriation.** An appropriation or fund that is not available for new obligation, but is available for disbursements, collections, and obligation adjustments as it has not yet been canceled.

H. Fund Holder. An individual holding an administrative subdivision of funds or an operating target, who is responsible for incurring obligations against the administrative subdivision or target and for managing the use of such funds.

I. Funding Account. The appropriation (Department Code, Fiscal Year, and Appropriation symbol) contained in the line of accounting cited on the obligation document provided to fund a disbursement that otherwise would have been chargeable to a canceled appropriation.

J. Negative Unobligated Balance. An appropriation or fund in which the amount of obligations exceeds the amount of obligational authority. (In canceled appropriations the available obligational authority is equal to the unobligated balance.)

K. Negative Unliquidated Obligation (NULO). A disbursement transaction that has been matched to the cited detail obligation, but the total disbursement(s) exceeds the amount of that obligation.

L. Overaged Disbursement In-Transit. A disbursement that is not matched to the correct obligation within 180 days after the first indication that the disbursement cannot be routed to the correct installation level accounting office.

M. Unexpended Balance. The sum of the unobligated balance and the unliquidated obligation balance of an appropriation.

N. Unliquidated Obligation Balance. The amount of obligations that have not been liquidated by payments (disbursements).

O. Unmatched Disbursement (UMD). A disbursement transaction that has been received and accepted by an accounting office, but has not been matched to the correct detail obligation. This includes transactions that have been rejected back to the paying office or central disbursement clearing organization by an accounting office.

P. Unobligated Balance. The difference between the total appropriation availability and the total obligations. (In canceled appropriations, the unobligated balance is determined by reducing the unobligated balance at the time of cancellation by obligations/obligation adjustments that otherwise are properly chargeable to the canceled appropriation except that it is canceled.)

1103 DISBURSEMENT POSTING POLICY

110301. It is the Department's policy that all disbursements must be posted promptly to the correct obligation in the official accounting records. In addition, transaction research and corrections are to begin as soon as it is apparent that a disbursement transaction has

resulted in a NULO, a UMD, a disbursement not sent, a disbursement in a suspense account or a disbursement in-transit.

A. Negative unliquidated obligations, and unmatched disbursements must be researched and corrected within 180 days of the date of disbursement. An additional 120 days is permitted for researching and resolving cross disbursement transactions and interfund billings. Similarly, an additional 60 days is permitted for researching and resolving all other in-transit disbursements. All transactions exceeding these timeframes are considered overaged problem disbursements.

B. Obligations, obligation adjustments, or reductions in unobligated balances must be recorded for all NULOs that are not resolved and UMDs that are not matched to the correct obligation within the timeframes stated in paragraph 110301.A., above.

C. In addition to the above, and irrespective of the timeframes stated in paragraph 110301.A. above, obligations must be established by June 30 for all NULOs, UMDs, and in-transit transactions in appropriations scheduled to close (become canceled) at the end of the current fiscal year.

1104 TREATMENT OF OVERAGED PROBLEM DISBURSEMENTS

110401 Current and Expired Accounts

A. DoD Components are required to obligate funds for the amount of overaged, NULOs and UMDs (those over 180 days old--see paragraph 110301.A., above)--up to the amount of any unobligated balances remaining in the applicable account.

B. Unobligated overaged NULOs and UMDs have the first claim to the unobligated balances in any of these accounts. New obligations, or new upward obligation adjustments, may be executed only when, and to the extent that there is an unobligated balance remaining in an account after all overaged NULOs and UMDs have been obligated. Thus, no new obligations or obligation adjustments may be incurred in the account to the extent that unobligated balances in such accounts are zero, or overaged problem disbursements--if they are obligated--when added to obligated balances, would exceed the availability in such accounts.

C. If the overaged NULOs and UMDs requiring obligation equal or exceed the unobligated balance of an account, the appropriation manager shall ensure that further obligations are not incurred until there is an unobligated balance, over and above any unobligated, overaged NULOs and UMDs. One possible method for achieving this control is to withdraw any unobligated balances below the appropriation level and obligate such amounts at the appropriation level to cover the overaged NULOs and UMDs. Once problem disbursements have been resolved to the point there is an unobligated balance over and above the amount obligated to cover all overaged NULOs and UMDs, the remaining unobligated balance then could be redistributed.

D. Except as provided for in paragraphs 110401.E. through G., below, DoD Components may continue to research overaged problem disbursements without the need to initiate an investigation of a potential violation of the Antideficiency Act.

E. Should an account be obligated fully--but not overobligated--and have unresolved overaged NULOs and UMDs that, if obligated, would exceed the availability in an account, payments to vendors and others may continue, provided that the account is not in danger of being overdisbursed. However, in no case may disbursements exceed the unexpended balance of an account. Should the account become overdisbursed, payments from the account shall stop immediately, and the DoD Component involved shall report a potential violation of the Antideficiency Act. The DoD Component also shall initiate an investigation of the potential violation in accordance with Volume 14 of this Regulation.

F. Should a new obligation or obligation adjustment be incurred in an account that has been obligated fully as a result of unresolved, overaged NULOs or UMDs, such an obligation shall be recorded even though it will result in recorded obligations in excess of available resources. Additionally, the DoD Component involved shall report a potential violation of the Antideficiency Act and initiate an investigation of a potential violation in accordance with Volume 14 of this Regulation.

G. No guidance in this chapter should be construed as authorizing a delay in (1) the recording of an executed obligation that would result in an overobligation or (2) the requirement to conduct an investigation of a potential violation of the Antideficiency Act that results from any action other than the sole requirement to obligate amounts for problem disbursements.

110402. Canceled Accounts and Accounts Scheduled to Cancel at the End of the Current Fiscal Year

A. Obligations must be established by June 30 for all NULOs, UMDs, and in-transit transactions in appropriations scheduled to close (become canceled) at the end of the current fiscal year.

B. If such obligations result in obligations in excess of available funds, the DoD Components are permitted 6 months from the scheduled date of cancellation of the account to resolve the negative balance.

C. If the account is not returned to a positive balance within 6 months of the scheduled date of cancellation of the appropriation, the DoD Component involved shall report a potential violation of the Antideficiency Act and initiate an investigation in accordance with Volume 14 of this Regulation.

D. Each administrative subdivision of an appropriation carries with it the responsibility for any potential or actual violation of the Antideficiency Act that might be incurred. A DoD Component has the right to modify the number or level of administrative

subdivisions within an appropriation before the cancellation of an appropriation. However, once an appropriation cancels, no further modification or change may be made in the number or level of administrative subdivisions.

E. A new cash disbursement, which would be chargeable (both as to purpose and amount) to an appropriation except that the appropriation is canceled, must be paid from an appropriation that currently is available for the same purpose. However, a proposed payment may not exceed the:

1. Unexpended balance of the canceled appropriation.
2. Unobligated balance of the currently available appropriation charged.
3. One percent limitation, discussed in paragraph 110402.F.

F. The cumulative amount of payments charged to a currently available appropriation, because the original appropriation(s) that otherwise would have been charged has been canceled, may not exceed 1 percent of the total amount appropriated to the currently available appropriation being charged.

G. A payment shall not be made if it exceeds the amounts stipulated in either paragraphs 110402.E.1. or 110402.E.2., above. Instead, the office funding the proposed payment (contract) shall contact the Military Department Assistant Secretary for Financial Management and Comptroller or Defense Agency Comptroller for referral to the USD(C) for appropriate disposition.

H. Corrections of payments involving canceled appropriations shall be processed as inter- and intra-appropriation adjustments. Such corrections generally do not require the obligation of currently available funds or deposits to the miscellaneous receipts account if the payment occurred before the cancellation of the applicable appropriation, or appropriations available for new obligation already have been charged properly.

I. Inter- and intra-appropriation adjustments to correct accounting records shall not be accomplished by using a cash disbursement or cash collection.

J. A potential violation of the Antideficiency Act shall be reported and a preliminary review of an Antideficiency Act violation initiated if posting an adjustment to a current, expired or canceled appropriation would result in either (1) a negative unobligated balance or (2) disbursements that are in excess of the amount appropriated, at either the appropriation level or a portion thereof that has been subdivided for Antideficiency Act purposes.

K. Perpetual balances of unobligated amounts, and unliquidated amounts, shall be maintained for each canceled appropriation. Should the unobligated balance in a canceled appropriation be negative, or should the unexpended balance be negative, then a

potential violation of the Antideficiency Act would have occurred, and must be reported and investigated.

L. All disbursements or collections, or adjustments to disbursements and collections, involving current, expired, or canceled appropriations, shall be reported to the Treasury Department.

110403. Expenditure Controls

The DoD Components shall work with the Defense Finance and Accounting Service to implement effective controls to prevent overexpenditures in accounts that may be in an overobligated position or that have problem disbursement balances that exceed the unobligated balance in the account. This action is necessary because normal controls for determining expenditure availability are based on the unexpended balance of the detail obligations.

1105 RESPONSIBILITIES

110501. The Defense Finance and Accounting Service (DFAS) and Other Non-DFAS Accounting Stations

A. When an appropriation does not have sufficient unobligated balances available that equal, or exceed, the amount by which disbursements exceed recorded obligations, the cognizant accounting office must:

1. Begin research efforts to determine the cause of the condition and correct any accounting and/or disbursing errors identified.

2. Notify the appropriation manager that funds are required to be reserved, committed or obligated until the condition is satisfactorily resolved, to the extent that any availability exists in such appropriation.

3. If, at the end of 180 days from the date of discovery of the condition, research efforts fail to result in the correction and elimination of the condition, immediately notify the appropriation manager that:

a. Funds are required to be obligated within 5 days--to the extent that any availability exists in the appropriation--and the obligation shall remain until such time as the condition is satisfactorily resolved.

b. An obligation funding document is to be provided to the DFAS or applicable accounting station.

c. A potential violation of the Antideficiency Act shall be reported and an investigation initiated, if one already is not underway.

B. When the fund holder has sufficient unobligated balances available that equal, or exceed, the amount by which disbursements exceed recorded obligations at the appropriation/ fund holder level, the accounting office must:

1. Immediately begin research efforts to determine the cause of the condition and correct any accounting and/or disbursing errors identified.

2. Immediately notify the fund holder that the fund holder is required to reserve, commit or obligate funds in an amount equal to the amount of disbursements in excess of obligations and retain such amounts in the fund holder's account until such time as the condition is satisfactorily resolved. This may involve withdrawing funds already allotted or reserving unallotted amounts at higher command levels.

3. Notify the appropriation manager immediately with a copy to the fund holder if, at the end of 180 days from the date of discovery of the condition, research efforts fail to result in the correction and elimination of the condition. The fund holder must:

a. Obligate, within 5 days, funds in an amount equal to the amount of disbursements in excess of obligations or the unobligated balance available at the appropriation level, whichever is less, and retain such amounts in the fund holder's account until such time as the condition is satisfactorily resolved. This may involve withdrawing funds already allotted or reserving unallotted amounts at higher command levels.

b. Provide an obligation funding document to the DFAS or applicable accounting station.

4. Record an obligation after the receipt of a funding document from the applicable DoD Component.

C. When disbursements exceed obligations at the obligation level, the accounting office must:

1. Immediately begin research efforts to determine the cause of the condition.

2. Immediately notify the fund holder that disbursements exceed obligations at the obligation level if, at the end of 120 days from date of discovery of the condition, research effort fails to result in the correction and elimination of the condition.

3. If, at the end of 60 days from the date of the notification, further research efforts of the fund holder fail to result in the correction and elimination of the condition, the fund holder is required to immediately:

a. Obligate funds sufficient to cover the disbursement in excess of the obligation up to the amount of the unobligated balance of the account at the appropriation level.

b. Provide the cognizant accounting station an obligation finding document.

c. Maintain that obligation until such time as the condition is satisfactorily resolved. This may involve withdrawing funds already allotted or reserving unallotted amounts at higher command levels.

D. When a disbursement transaction is cross-disbursed, the accounting office shall, under the following conditions, initiate a correction document to charge the proper obligation, fund holder, appropriation or DoD Component if:

1. The cognizant accounting station that received the disbursement transaction agrees that the disbursement is a valid charge to the obligation, fund holder, appropriation or DoD Component.

2. The cognizant accounting station that received the disbursement transaction and the disbursing station that made the payment agree that the disbursement is not a valid charge to the obligation, fund holder, appropriation or DoD Component charged and also agree as to the proper obligation, fund holder, appropriation or DoD Component to be charged.

E. Shall maintain the official accounting records for all adjustments to the balances of canceled appropriations and funds, if the organization is serviced by DFAS.

F. Shall establish appropriate control over canceled appropriations by initiating the following actions:

1. Centralizing accounting for canceled appropriations, or portion thereof, at a single accounting office supporting the office responsible for violations of the Antideficiency Act. All adjustments for each canceled appropriation, or portion thereof, shall be transmitted to the applicable accounting office for posting.

2. Developing and implementing procedures to ensure that all detail transactions affecting canceled appropriation unobligated and unliquidated balances are provided to the appropriate accounting offices responsible for maintaining the unobligated and unliquidated obligation balances.

3. Ensuring that the beginning unobligated and unliquidated balances of each canceled appropriation accurately reflect the official U. S. Treasury balance of the appropriation on the date of cancellation.

4. Performing a one-time review of each canceled appropriation to ensure that the beginning unliquidated and unobligated balances of each canceled appropriation reflect accurately the balances on the Acct Rpt(M)1176 or SF 133 as of the date of cancellation.

5. Developing and implementing standard procedures for determining the timeframes and procedures for records retention applicable to detail accounting transaction records for canceled appropriations. These procedures shall ensure that required unobligated and unliquidated balances of each appropriation are accurately maintained while minimizing the cost associated with maintaining large databases or record files of completed transactions for records which no longer are required

6. Ensuring that an adequate audit trail is maintained for all adjustments affecting canceled appropriations, including the associated adjustments to current or expired appropriations.

G. Shall adjust the detailed contract records to reflect accounting corrections when contract records are still being maintained for contract payment purposes.

H. Shall record the corrections and complete the following actions for unmatched disbursements, negative unliquidated obligations, and disbursements in-transit transactions for which research actions have been completed and correcting accounting adjustments have been identified and submitted by a DoD Component:

1. Record such corrections within 30 days of receipt.

2. Except as provided for in subparagraph 110501.H.3., immediately below, do not delay the recording of corrections received from DoD Components pending the completion of contract reconciliations or other related actions.

3. Reject a proposed correction only if the proposed correction is in error, or otherwise inappropriate. (A proposed correction may not be rejected solely because a contract has not been reconciled fully or other actions have not been completed.)

4. Give a DoD Component 5 days to correct an error in the event that a proposed correction is rejected. If the error is not corrected within 5 days, the transaction shall be subject to such research and obligation requirements that otherwise would apply as a result of the disbursement (a) being over or under 180 days old; (b) being charged to an account that is closed (canceled); or (c) is scheduled to close, by operation of law, on September 30 of the current fiscal year.

110502. The Deputy Comptroller (Program/Budget), OUSD(C), shall ensure the following actions are taken when (a) funds in a particular Defense-wide account are allocated to a number of fund holders (limits) and (b) disbursements exceed obligations at the appropriation level, but not at a fund holder's level:

- A. The applicable DoD Component(s) reserves, commits, or obligates appropriate amounts against the fund holders' accounts.
- B. A report of potential violation is submitted to the USD(C), when applicable.
- C. An investigation of a potential violation of the Antideficiency Act is initiated.
- D. Corrective actions are taken by fund holders and the DFAS or applicable accounting station, as appropriate.

110503. The Deputy Comptroller Program/Budget) (ODC(P/B)), the Military Department Assistant Secretaries (Financial Management and Comptroller), Comptrollers of the Defense Agencies and DoD Field Activities and other Fund Holders shall:

- A. Designate an appropriation manager to receive, process and take actions on notifications from the DFAS or other accounting stations, and to take other appropriate action(s) regarding the stoppage of payments, the obligation of disbursement transactions within prescribed timeframes allotted for such action(s), and other actions provided for in this chapter.
- B. Reserve, commit, or obligate funds after the receipt of an initial notification from the cognizant accounting station that
 - 1. A disbursement exceeds an obligation at the appropriation/fund holder level.
 - 2. Sufficient unobligated balances are available that equal, or exceed, the amount by which the disbursements exceed recorded obligations at that level.
- C. Forward to the cognizant accounting station a commitment or obligation funding document, as appropriate, to cover the amount of the disbursement that exceeds the obligation.
- D. Obligate funds within 5 days after the receipt of a 120-day notification from the cognizant accounting station that a disbursement exceeds an obligation at the appropriation/fund holder level and:
 - 1. Initiate, immediately, a review of the circumstances to determine whether an investigation of a potential violation of the Antideficiency Act is warranted.
 - 2. Notify the OUSD(C), through appropriate funding channels, when an apparent/potential violation of the Antideficiency Act has occurred.

3. Initiate an investigation of an apparent violation of the Antideficiency Act when such investigation is deemed appropriate.

4. Provide the cognizant accounting station an obligation funding document to cover the amount of the disbursement that exceeds the obligation.

E. Forward to the cognizant accounting station an obligation funding document (to the extent that funds are available in the appropriation) to cover the amount of the disbursement that exceeds the obligation, within 60 days from the date of a 120-day notification from the cognizant accounting station that:

1. A disbursement exceeds an obligation at the obligation level, and
2. The condition has not been corrected.

F. Request a realignment of funds within an account or between accounts, a reprogramming of funds, a deficiency supplemental, or other acceptable funding solution, as applicable and appropriate, to the extent sufficient availability does not exist in the appropriation. Also forward supplemental funding documents to the cognizant accounting station to cover any funding shortfalls.

G. Initiate a review, immediately, of the circumstances to determine whether an investigation of a potential Antideficiency Act is warranted and, as appropriate, notify the USD(C) of the following conditions:

1. A fund holder may not have sufficient unobligated balances available that equal, or exceed, the amount by which disbursements exceed recorded obligations, and
2. A potential violation of the Antideficiency Act may have occurred.

H. Submit a report of violation in accordance with Volume 14 of this Regulation if the investigation reveals that an Antideficiency Act violation has occurred.

I. Advise the cognizant accounting station to correct any error(s) when applicable reviews or investigations identify these error(s) as the cause of the condition.

110505. DoD Components shall maintain detail and summary records of adjustments made in accordance with this chapter to ensure an adequate audit trail and to respond to inquiries from both inside and outside the Department.

110506. DoD Fund Holders shall obligate amounts to fund NULOs, UMDs, and any other type of problem disbursement transaction in accordance with the policies and procedures provided for in this chapter.

1106 PRIORITIES

The following priorities are established for researching and correcting all disbursement transactions that have not been properly matched to the correct obligation:

110601. First priority. Appropriations or funds specifically requested by the Office of the USD(C).

110602. Second priority. Appropriations or funds in an over-expended or overobligated status, regardless of whether the appropriation is in a current, expired or canceled status, as well as other appropriations, funds or transactions that have caused, or are anticipated to cause, stop payment orders or create a negative balance “condition” within the next 60 days.

110603. Third Priority. All other appropriations and funds, whether in a current, expired, or canceled status.

110604. Secondary Priorities. Within each priority group, appropriations or funds with the highest negative balance/amount of UMDs generally shall be researched ahead of appropriations or funds with lower balances/amounts. Within each appropriation or fund, prioritize transactions and documents beginning with the highest dollar value and continue to work the transactions and documents within that appropriation.

A. Continue this priority until all applicable transactions in the appropriation or fund are researched and corrected and the account is restored to a positive balance, NULO balances are eliminated and/or UMDs are matched, as applicable.

B. Not all transactions in an account must be matched or resolved before beginning research efforts in another account.

110605. Posting Procedures. Necessary corrections to transactions and accounts should be made in accordance with sections 1109 through 1112, below.

1107 MINIMUM RESEARCH EFFORTS REQUIRED FOR ALL OTHER DISBURSEMENTS

110701. General. The following research actions are the minimum steps required for all UMD and NULO transactions.

110702. Contracts

A. Accounting Office Actions

1. Select contract(s) for review based either on large individual UMD transaction or NULO condition and/or large aggregate total UMD transactions or NULO conditions.
2. Obtain the accounting system transaction history maintained in the accounting office and the payment transaction history from the disbursing office, or the output of obligation and payment differences from an accounting system/payment system comparison program if there are numerous unmatched disbursements showing incompatibility with the funds or amounts on the contract.
3. Review the output of a comparison program of the accounting and payment systems, when available. This can substitute for transaction histories from either system, and will reveal obligation modifications recorded in one system but not the other, as well as potentially omitted modifications.
4. Review obligation transactions recorded in the accounting system to determine that all contract modifications have been recorded.
5. Follow up with the contracting office and contract administration office to verify that all modifications have been recorded, and request that any contract modification errors and omissions be corrected or recorded when a missing contract modification is suspected.
6. Determine indicated error condition of each unmatched disbursement (e.g., wrong appropriation or insufficient funds) to guide further research.
7. For a UMD, make a systems inquiry, or request the accounting system closed contract history if there is no contract on the active accounting system records. If the contract is in the closed history file, take action to reopen the contract and record the transaction.
8. Review unmatched transactions for indications of specific error conditions. Such conditions include omitted progress payment recoupments for a contract having progress payments, inappropriate appropriation data configurations, or duplicate submission of payment data.
9. Report corrections made to transactions for accounting system recording, (e.g., changes to the appropriation data configuration) to the disbursing office for correction of its records.
10. Reject, back to the disbursing office for correction or recovery, those transactions that cannot be corrected, such as wrong accounting office or suspected overpayments. Take related required central reporting system actions.

11. Request selected voucher copies and supporting information when a centrally-administered contract is still open on the DFAS-Columbus Center's payment records and reconciliation cannot be accomplished between the accounting system transaction history and payment system transaction history.

B. Disbursing Office Actions

1. When a request for information on payment transactions is made by an accounting office, search the files for payment vouchers and, if available, provide a copy to the requesting office. If the payment records and files cannot be found due to age or apparent loss, respond as promptly as possible regarding these facts.

2. Review contract payment files promptly and verify whether the reported reject reason is correct when a disbursement transaction is rejected back from an accounting office with evidence that it was misrouted or is a duplicate or overpayment. If the rejection is valid, initiate a correction or recovery of funds for the duplicate or overpayment and respond as to the action taken.

110703. Reimbursable Orders/Military Interdepartmental Purchase Requests (MIPRs). The accounting office shall:

A. Check the UMD for error reason codes, such as insufficient funds or unmatched document number.

B. Refer the transaction for review to the ordering office or ordering command fund manager, as indicated by the obligation document number.

C. Record the transaction, when the ordering office or command validates the transaction and authorizes the obligation action.

D. Allow the ordering office up to 180 days from the date of disbursement to resolve and/or fund (obligate) the order/MIPR when the ordering office gives intent to do further research to resolve costs billed.

E. Refer the transaction to the disbursing office for additional information or correction when the ordering office cannot validate the transaction. -

110704. Travel Orders. The accounting office (unless otherwise indicated) shall:

A. Determine if a payment for personnel TDY, which results in a UMD transaction, identifies the traveler or is traceable to a separate travel system record.

B. Determine if the original obligation has been recorded in the accounting records when travel system records indicate closure of the travel order record with proper deduction of advances.

C. Record the amount of obligation (the initiating travel office) and record any UMDs (accounting office) when evidence shows that an obligation has not been recorded in the accounting system.

D. Request a copy of the travel settlement voucher from the disbursing office to support the transaction if travel system records do not indicate how a payment was used to liquidate a travel order record.

110705. MILSTRIP Requisitions. The accounting office shall:

A. Review transactions for discrepancy report and billing adjustment status. Submit billing adjustment requests, when required, in accordance with DoD 4000.25-7-M. Any billing adjustment request must be submitted within 1 year of the billing date (2 years for Foreign Military Sales).

B. Submit a follow-up request if a billing adjustment request previously has been made.

C. In accordance with MILSBILLS, DoD 4000.25-7-M, chapters 3 and 4, accept the transaction if a billing adjustment has not been requested, and the time period has expired.

110706. Unidentified Document Numbers. The accounting office shall:

A. Review the unmatched transaction for a disbursing station number, and other data to ascertain the source of the obligation, e.g., the voucher number and code.

B. If there is a valid disbursing station number, refer the transaction to that disbursing office for verification and the furnishing of supporting documentation.

C. Refer the transaction to the applicable office or command if there is an indication of the source of the obligation, even though the transaction has no disbursing station number or the disbursing station cannot identify the transaction.

D. Record the transaction when the disbursing station or obligating office can identify a properly recorded obligation document.

E. Record an obligation transaction when the obligating office can identify the obligation document, but-there is no current open obligation.

110707. Other Transactions

A. Accounting Office Actions

1. Review transactions to determine their purpose and nature; for example, supplemental payroll payment, express or other transportation services or hearing officer examination reporting services.

2. Request the disbursing office to furnish missing documentation or any other material that would indicate the source of an obligation or basis for the payment when payment voucher support is missing or is incomplete.

3. Forward, to the funding office, transactions that have no matching accounting records, but have an indication of an obligation, such as an order number. Include an explanation of the apparent nature and purpose of the expenditure, request research of the circumstances of the unrecorded obligation and obtain support to show that the payment was not improper.

4. If there is no indication of an obligation, review the supporting documentation for any indication that the disbursement may have been incorrectly coded or other errors may have been made.

B. Funding Office Actions

1. Record a transaction when it can be matched to a prior unliquidated obligation.

2. If a transaction does not match, continue research efforts, including trying to identify erroneous document numbers, etc.

1108 REQUESTS TO DISCONTINUE UNSUCCESSFUL RESEARCH EFFORTS

110801. General. Notwithstanding the obligation of funds after 180 days, as required by paragraph 110301.B. and section 1104., above, UMDs and NULOs must continue to be researched and corrected unless written approval to discontinue research efforts is obtained from the Military Department Assistant Secretary for Financial Management and Comptroller, the Comptroller of a Defense Agency or DoD Field Activity in accordance with the provisions of subsection 110802 below. This responsibility may not be redelegate.

110802. Minimum criteria for requesting approval to discontinue further research efforts for disbursement and collection transactions are as follows:

A. There is no indication that an overpayment or a duplicate has been made and not fully collected.

B. For contracts closed by DFAS:

1. A preclosing payment review has been completed.

2. Unmatched disbursement(s) or negative unliquidated obligation conditions, which cannot be resolved, will not exceed the contract total if recorded.

C. For erroneous document numbers when neither the disbursing office, or indicated obligating office, can furnish information or support the disbursement.

D. For travel orders when an unmatched transaction contains insufficient information for research and cannot be traced due to age.

E. Requests to discontinue further research efforts may be forwarded when the research steps listed in section 1107, above, cannot be completed because of missing or insufficient documentation, and steps to request or obtain the missing documentation or clarification of the insufficient documentation were taken as specified but have not produced results, and further efforts appear fruitless and not cost-effective.

F. The following information shall be submitted in support of each request to discontinue research:

1. A separate report listing the individual transactions for each appropriation, by responsible accounting office, shall be provided.

2. A summary of research efforts and other steps taken to obtain missing documents or additional support for insufficient documentation shall be provided. As a minimum, the summary report shall include statements advising that the following actions were taken:

a. When applicable, transaction histories of the respective accounting and payment systems were obtained, reviewed, and compared for omitted transactions and other differences.

b. For omitted documents or noted differences, a request to obtain the documents or other clarifying evidence was made to the appropriate funding or contracting office for obligation documents and payment office for payment supporting documents.

c. Information regarding the research success achieved, as reported by the office to which requests were made, that the request for documentation and supporting information could not be accomplished due to invalid document number references, lost or misfiled documents, or inadequate data for searching files.

d. Sufficient actions were taken during the research efforts to provide reasonable assurance that no duplicate payments or other overpayments remain outstanding and no fraud has occurred involving the disbursement transactions for which research efforts are requested to be discontinued.

G. Requests to discontinue research must be coordinated with, and approved by, the DFAS, before the submission of such requests to the approving official.

1109 CORRECTIONS AND POSTINGS OF PRIOR DISBURSEMENTS INVOLVING APPROPRIATED FUNDS

110901. General. This section cites general procedures for recording corrections of prior disbursements erroneously charged to the wrong obligation or otherwise erroneously posted. The procedures are stated in general terms in recognition of the numerous accounting systems, each of which has specific transaction identifiers and processing requirements. The procedures in this section apply to disbursement transactions that have been or should have been charged to direct appropriations.

110902. Corrections of Prior Disbursements or Posting Errors when the Correct Obligation has been Identified and the Appropriation that should have been Chained is an Appropriation that is in a Current or Expired Status

A. To properly record a disbursement in an appropriation that should have been charged, adjust the records of the current or expired appropriation by taking one of the following two actions as appropriate:

1. If a disbursement exceeds a prior obligation (that is, if it has created a NULO), an adjustment to the prior obligation is required; therefore, increase the amount of obligation previously recorded to eliminate the negative unliquidated obligation.

2. If a disbursement was made for which an obligation previously was not recorded, or otherwise has not been identified, an obligation is required; therefore, record an obligation and match the disbursement to the obligation.

B. To correct the improper charge to a current or expired appropriation that was charged previously in error, adjust the records of the appropriation by taking one of the following two actions:

1. If a recoupment applies to a disbursement that either was matched erroneously to an obligation or remains unmatched, record a recoupment reversing the prior disbursement.

2. If the recoupment applies to a previously UMD, NULO, or disbursement in-transit for which, after 180 days, an obligation or obligation adjustment was established in accordance with subsection 110905, below, record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

110903. Corrections of Prior Disbursements or Posting Errors When the Correct Obligation has been Identified and the Appropriation that should have been Charged Is a

Canceled Appropriation and the Disbursement Occurred Before Cancellation of the Correct Chargeable Appropriation

A. To reflect the charge properly to the canceled appropriation that should have been charged initially (before it was canceled), process a memorandum charge to the canceled appropriation.

1. Adjust the records of the canceled appropriation to reflect the previous disbursement by taking one of the following two actions, as appropriate.

a. If the correct detail obligation was recorded in the canceled appropriation (prior to the cancellation of the appropriation), match the prior charge (disbursement) to the appropriate prior obligation in the canceled appropriation and reduce the unliquidated balance of the canceled appropriation. (There should be no change in the unobligated balance of the canceled appropriation.)

b. If the correct detail obligation was not recorded in the canceled appropriation (prior to the cancellation of the appropriation) or otherwise has not been identified, make a memorandum record of the disbursement and reduce the unobligated balance of the canceled appropriation. (There should be no change in the unliquidated obligation balance of the canceled appropriation.)

2. If the adjustment required by subparagraphs 110903.A. 1.a. or b. above, would exceed the unexpended balance or unobligated balance of the canceled appropriation, or any administrative subdivision thereof, or if upon reducing the unobligated balance in accordance with subparagraph 110903.A.1 b., above, the unobligated balance is exceeded at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary review.

B. To reverse the erroneous charge, take the actions addressed in subparagraph 110903.B.1., below, if the disbursement was erroneously charged to an appropriation that is now current or expired. If the disbursement was erroneously charged to an appropriation that is now canceled, take the actions addressed in subparagraph 110903.B.2., below.

1. To correct an improper charge to a current or expired appropriation that previously was charged in error, adjust the records of the current or expired appropriation by taking one of the following two actions, as appropriate:

a. If a recoupment applies to a disbursement that either was matched erroneously to an obligation or remained unmatched, record a recoupment reversing the prior disbursement.

b. If the recoupment applies to a previous UMD, NULO, or disbursement in-transit for which, after 180 days, an obligation or obligation adjustment was

established in accordance with subsection 110905, below, record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

2. To correct an improper charge to a canceled appropriation that previously was charged in error, process a memorandum recoupment reversing the erroneous charge to the canceled appropriation. Adjust the records of the canceled appropriation to reflect the recoupment by taking one of the following two actions as appropriate.

a. If the recoupment applies to a disbursement that either was matched erroneously to the wrong obligation or remained unmatched (prior to the cancellation of the appropriation), record a memorandum recoupment to offset the disbursement and increase the unliquidated obligation balance of the canceled appropriation.

b. If the recoupment applies to a UMD, NULO, or disbursement in-transit for which, after 180 days, the unobligated balance of the canceled appropriation was reduced in accordance with subsection 110905, below, record the memorandum recoupment as an offset to the previous decrease in the unobligated balance and increase the unobligated balance of the canceled appropriation.

110904. Corrections Of Prior Disbursements or Posting Errors when the Correct Obligation has been Identified and the Appropriation that should have been Charged is a Canceled Appropriation and the Disbursement Occurred after Cancellation of the Correct Chargeable Appropriation

A. Availability of Funds at Time of Original Disbursement. Disbursements occurring after the cancellation of a chargeable appropriation must be funded from a current appropriation available for the same purpose as the chargeable appropriation that is canceled. This current appropriation, referred to in this chapter as the “funding appropriation,” must be, or have been, available for incurring new obligations at the time of the disbursement.

1. When corrections involve disbursements that occurred after the cancellation of the correct chargeable appropriation, care must be taken to ensure that a correction, if required, also is made to the funding appropriation that was charged, and/or should have been charged, in addition to the canceled chargeable appropriation.

2. For example, to correct a disbursement that was charged erroneously to an appropriation that was expired at the time of the disbursement, but that should have been charged to an appropriation that was canceled at the time of the disbursement, reduce the balance of the correct chargeable canceled appropriation, as well as charge the funding appropriation that was current at the time of the disbursement, and that should have been charged.

B. Charge the Correct Funding Account. To reflect the charge properly to the correct funding appropriation--that was current at the time of the original disbursement and available for the same purpose as the chargeable canceled appropriation that otherwise would

have been charged except that it was canceled--adjust the records of the funding appropriation by taking the following action:

1. Establish an obligation in the correct finding appropriation and record the disbursement against the obligation.

2. If the adjustment exceeds either the unexpended balance or the unobligated balance of the funding appropriation, or any administrative subdivision thereof, report a potential violation of the Antideficiency Act and initiate a preliminary review.

C. Charge the Correct Chargeable Canceled Account. To reflect the charge properly to the canceled appropriation that should have been charged initially except that it was canceled, process a memorandum charge to the canceled appropriation.

1. Adjust the records of the canceled appropriation by taking one of the following two actions, as appropriate.

- a. If the correct detail obligation was recorded in the canceled appropriation (prior to the cancellation of the appropriation), match the prior charge (disbursement) to the appropriate prior obligation in the canceled appropriation and reduce the unliquidated balance of the canceled appropriation. (There should be no change in the unobligated balance of the canceled appropriation.)

- b. If the correct detail obligation was not recorded in the canceled appropriation (before the cancellation of the appropriation), or otherwise has not been identified, make a memorandum record of the disbursement and reduce the unobligated balance of the canceled appropriation. (There should be no change in the unliquidated obligation balance of the canceled appropriation.)

2. If the adjustment would exceed the unexpended balance or the unobligated balance of the canceled appropriation, or any administrative subdivision thereof, report a potential violation of the Antideficiency Act and initiate a preliminary review.

D. Reverse the Erroneous Charge. To reverse the erroneous charge, take the actions addressed in subparagraph 110904.D.1., below, if the disbursement was erroneously charged to an appropriation that is now current or expired. If the disbursement was erroneously charged to an appropriation that is now canceled, take the actions addressed in subparagraph 110904.D.2.b., below.

1. To correct an improper charge to the current or expired appropriation that previously was charged in error, adjust the records of the current or expired appropriation by taking one of the following two actions:

a. If a recoupment applies to a disbursement that either was matched erroneously to an obligation or remained unmatched, record a recoupment reversing the prior disbursement.

b. If the recoupment applies to a previous UMD, NULO, or disbursement in-transit for which, after 180 days, an obligation or obligation adjustment was established in accordance with subsection 110905, record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

2. To correct the improper charge to a canceled appropriation that previously was charged in error, process a recoupment reversing the erroneous charge to the canceled appropriation. Adjust the records of the canceled appropriation by taking one of the following two actions, as appropriate.

a. If the recoupment applies to a disbursement that either was matched erroneously to the wrong obligation or remained unmatched in the accounting records (prior to the cancellation of the appropriation), record a memorandum recoupment offsetting the disbursement and increase the unliquidated obligation balance of the canceled appropriation.

b. If the recoupment applies to a UMD, NULO, or disbursement in-transit for which, after 180 days, the unobligated balance of the canceled appropriation was reduced in accordance with subsection 110904. E., record the memorandum recoupment as an offset to the previous decrease in the unobligated balance and increase the unobligated balance of the canceled appropriation.

110905 Posting Procedures when the Correct Obligation has not been Identified within 180 Days. As stated in section 1104., obligations are to be established/adjusted, and/or unobligated balances reduced, as appropriate, for disbursements that have not been matched to the correct obligation within 180 days. These actions are to be taken consistent with the procedures described below.

A. Transactions in Canceled Accounts

1. Unmatched Disbursements

a. Charge the canceled appropriation in which the UMD resides by reducing the unobligated balance. Unobligated balances may be reduced either at the detail (individual) transaction or summary level.

(1) If the summary method is used, the summary memorandum unobligated balance adjustments must be fully substantiated by detail transaction listings of each UMD making up the summary amount.

(2) If posted at the detail level, record a memorandum unobligated balance adjustment in the accounting records for each UMD being cleared.

b. Also increase the unliquidated obligation balance of the canceled appropriation by memorandum entry.

c. If, upon reducing the unobligated balance, the unobligated balance is exceeded at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

2. Negative Unliquidated Obligations

a. Charge the canceled appropriation in which the NULO resides by reducing the unobligated balance. Unobligated balances may be reduced either at the detail (individual) transaction or summary level.

(1) If the summary method is used, the summary memorandum unobligated balance adjustments must be fully substantiated by detail transaction listings of each NULO making up the summary amount.

(2) If posted at the detail level, record a memorandum unobligated balance adjustment in the accounting records for each NULO being cleared.

b. Also increase the unliquidated obligation balance of the canceled appropriation by memorandum entry.

c. If, upon reducing the unobligated balance, the unobligated balance is exceeded at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

3. Disbursements In-Transit

a. The unobligated balance of the cited canceled appropriation shall be reduced for disbursements in-transit. Disbursements in-transit shall be charged in the same manner as unmatched disbursements as provided for in subparagraph 110905A.1., above.

b. If a disbursement transaction identifies a specific finds holder, that funds holder must provide the supporting accounting office with a memorandum obligation document. If the finds holder did not hold funds for the fiscal year charged, or a funds holder was not identified in the transaction record, the appropriation manager shall designate a specific funds holder to take those actions required in subparagraph 110905A.1., above.

B. Transactions in Current and Expired Accounts

1. Unmatched Disbursements

a. Charge the current or expired appropriation in which the UMD resides by establishing a formal obligation for the UMD(s) in the appropriation. The impact should be a reduction of the unobligated balance. Obligations may be posted either at the detail (individual) transaction or summary level.

(1) If the summary obligation method is used, such summary obligation amounts must be fully substantiated by detail transaction listings of each UMD making up the summary amount.

(2) If posted at the document level, record an obligation adjustment in the accounting records. Post the UMD being cleared against the adjusted obligation.

b. Also increase the unliquidated obligation balance of the current or expired appropriation.

c. If, upon recording the obligation, the obligated balance exceeds the funds available, at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

2. Negative Unliquidated Obligations

a. Charge the current or expired appropriation in which the NULO resides by establishing a formal obligation adjustment for the NULO in the appropriation. The impact should be a reduction of the unobligated balance. Obligations may be posted either at the detail (individual) transaction or summary level.

(1) If the summary obligation method is used, such summary obligation amounts must be fully substantiated by detail transaction listings of each negative unliquidated obligation making up the summary amount.

(2) If posted at the document level, increase the amount of the previously recorded obligation that the NULO matches by recording a obligation adjustment in the accounting records.

b. Also increase the unliquidated obligation balance of the current or expired appropriation.

c. If, upon recording the obligation adjustment; the obligated balance exceeds the funds available at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

3. Disbursements In-Transit

a. Obligations must be established by June 30 for all in-transit transactions in appropriations scheduled to close (become canceled) at the end of the current fiscal year. Obligations for unresolved in-transit transactions shall be recorded in the same manner as UMDs as provided for in subparagraph 110905A.1., above.

b. If a disbursement transaction identifies a specific funds holder, that funds holder must provide the supporting accounting office with an obligation document. If the funds holder did not hold funds for the fiscal year charged, or if a funds holder was not identified in the transaction record, the appropriation manager shall designate a specific funds holder to take those actions required in subparagraph 110905A.1. and 2., above.

C. Continue Research Efforts. The requirement to establish obligations for unresolved overaged UMDs, and NULOs and in-transit disbursements does not eliminate the need to complete the research and post the disbursement to the correct obligation. Research efforts must be continued until the transaction is matched or approval to discontinue research is obtained in accordance with the procedures in section 1108.

D. Reporting Requirements when the Correct Obligation has not been Identified within 180 Days. When obligations are established in accordance with the procedures addressed in subsection 110905, above, the applicable transactions shall not be identified as closed out on monthly UMD and NULO status reports. Establishment of obligations for transactions addressed in subsection 110905 does not diminish or eliminate the need to match these transactions to the proper obligation. The DFAS will establish procedures to be used in identifying these transactions and amounts on the monthly problem disbursements reports.

110906. Posting Procedures when Required Research is Unsuccessful and Discontinuance of Further Research is Approved. The procedures addressed in paragraphs 110906A.-C., below, shall be applied when the actions stated in section 1107 have been completed and a request to discontinue further research has been submitted and approved in accordance with section 1108.

A. Approval Before the Expiration of the 180-Day Period. If approval to discontinue further research occurs before the expiration of the 180-day period, as discussed in subsection 110905, above, and amounts have not been obligated in accordance with the provisions of that section, obligations must be established in accordance with the provisions of that section. Additionally, such obligations must be reported in accordance with paragraph 110906. C., below.

B. Approval After the Expiration of the 180-Day Period. If approval to discontinue further research occurs after the expiration of the 180-day period discussed in subsection 110905, above, and amounts have been obligated in accordance with the provisions of that section, no further obligation action is required. However, such amounts are required to be reported in accordance with paragraph 110906. C., below.

C. Reporting Requirements when Required Research Was Unsuccessful and Discontinuance of Further Research is Approved. Transactions cleared in accordance with the procedures addressed in paragraphs 110906.A. and B., above, must be identified separately from those cleared through the normal research and matching process. Therefore, upon completion of the actions described in the two paragraphs cited above, the applicable transactions shall be identified and reported in monthly UMD and NULO status reports. Such amounts shall be reported separately from all other amounts/corrections, and reported separately as UMDs, NULOs, and disbursements in-transit.

1110 CORRECTIONS AND POSTINGS OF DISBURSEMENTS INVOLVING THE WORKING CAPITAL FUNDS

111001. General. Corrections and postings of disbursements in the Working Capital Funds may require adjustments to both disbursements and expenses. This section cites general procedures for recording corrections of prior disbursements erroneously charged to the wrong obligation or otherwise erroneously posted. The procedures are stated in general terms in recognition of the numerous accounting systems, each of which has specific transaction identifiers and processing requirements.

111002. Corrections of Prior Disbursements or Posting Errors when the Correct Obligation has been Identified

A. To record a disbursement properly against an activity that should have been charged, adjust the records of the applicable activity by making one of the budgetary account adjustments as well as one of the propriety account adjustments. These adjustments are addressed in paragraphs 111002.A.1. and 2., below:

1. Budgetary Account Adjustments

a. If a disbursement exceeds a prior obligation (that is, if it created a NULO), an adjustment to the prior obligation is required; therefore, increase the obligation previously recorded.

b. If a disbursement was made for which an obligation was not recorded previously, or otherwise has not been identified, an obligation is required; therefore, record an obligation and match the disbursement to the obligation.

2. Proprietary Account Adjustments

a. If it has been demonstrated that the correct proprietary account was charged previously in the correct amount, no further proprietary account adjustment is required.

b. If the disbursement occurred in the current fiscal year, and the proprietary account adjustment(s) to charge the correct proprietary account properly in the correct amount is known, then make the required proprietary account adjustment(s).

c. If the disbursement occurred in a prior fiscal year, and a real property or depreciable property proprietary asset account should be adjusted to charge the correct proprietary account properly in the correct amount, then make the required proprietary account adjustment(s).

d. If none of the provisions of subparagraphs 111002.A.2.a. through c., above, apply, charge the “extraordinary loss” proprietary account in an amount that is equal to the amount of the obligation or obligation adjustment provided for in subparagraphs 111002.A.1.a. or b., above, as applicable. This “extraordinary loss” should be recorded in the fiscal year that is current at the time that the obligation or obligation adjustment addressed in subparagraphs 111002.A.1.a. or b., above, is made, irrespective of when the disbursement occurred. Exceptions to the requirements of this paragraph may be approved by the Director for Accounting Policy in the Office of the USD(C). Such exceptions must be in writing.

B. To correct the improper charge that was charged previously in error, adjust the records of the applicable activity by making one of the budgetary account adjustments addressed in subparagraph 111002.B.1., below, as well as one of the proprietary account adjustments addressed in subparagraph 111002.B.2., below:

1. Budget Account Adjustments

a. If a recoupment applies to a disbursement that either was matched erroneously to an obligation or remained unmatched, record a recoupment reversing the prior disbursement.

b. If the recoupment applies to a previous UMD, NULO, or disbursement in-transit for which, after 180 days, an obligation or obligation adjustment was established in accordance with subsection 111003, below, record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

2. Proprietary Account Adjustments

a. If it has been demonstrated that the correct proprietary account was charged previously in the correct amount, no further proprietary account adjustment(s) is required.

b. If the disbursement occurred in the current fiscal year, and the proprietary account adjustment(s) to relieve the incorrect proprietary account properly for the amount charged is known, then make the required proprietary account adjustment(s).

c. If the disbursement occurred in a prior fiscal year, and a real property or depreciable property proprietary asset account was charged (but should not have been charged and now should be adjusted to relieve the incorrect charge), then make the required proprietary account adjustment(s).

d. If none of the provisions of subparagraphs 111002.B.2.a. through c., above, apply, record an “extraordinary gain” in the proprietary account in an amount that is equal to the amount of the obligation/obligation adjustment provided for in subparagraphs 111002.B.1.a. or b., above, as applicable. This “extraordinary gain” should be recorded in the fiscal year that is current at the time that the obligation/obligation adjustment is made as addressed in subparagraphs 111002.B.1.a. or b., above, irrespective of when the disbursement occurred. Exceptions to the requirements of this paragraph may be approved by the Director for Accounting Policy in the OUSD(C). Such exceptions must be in writing.

111003. Posting Procedures when the Correct Obligation has not been Identified within 180 days. Except as provided for in paragraphs 111008.E. and F., above, obligations or adjustments to obligations, as well as expenses, are to be established for disbursements that have not been matched to the correct obligation within 180 days. These obligations or obligation adjustments and expenses are to be processed and recorded consistent with the procedures provided for in subparagraphs 111003.A.1. through 3., below.

A. Budget Account Adjustment

1. Unmatched Disbursements

a. Unmatched disbursements must be obligated and expensed against the Working Capital Fund activity where the UMD resides. (If a UMD has not been identified to a specific activity, it must be so assigned.)

b. Charge the activity in which the UMD resides by establishing a formal obligation. Obligations may be posted either at the detail (individual) transaction or summary level.

(1) If the summary obligation method is used, the summary obligation amounts must be fully substantiated by detail transaction listings of each UMD making up the summary amount.

(2) If posted at the document level, record a obligation adjustment in the accounting records. Post the UMD being cleared against the adjusted obligation.

c. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

d. Record an “extraordinary loss” in the proprietary accounts in an amount equal to the amount of the UMD. This “extraordinary loss” should be recorded in the fiscal year that is current at the time that the obligation is made as addressed in subparagraph 111003.A. 1., above, irrespective of when the disbursement occurred.

2. Negative Unliquidated Obligations

a. Negative unliquidated obligations must be obligated and expensed against the Working Capital Fund activity where the NULOs reside.

b. Charge the activity in which the NULO resides by establishing a formal obligation adjustment. Obligations may be posted either at the detail (individual) transaction or summary level.

(1) If the summary obligation method is used, the summary obligation amounts must be fully substantiated by detail transaction listings of each NULO making up the summary amount.

(2) If posted at the document level, increase the amount of the previously recorded obligation that the NULO matches by recording a obligation adjustment in the accounting records.

c. If, upon recording the obligation adjustment, the obligated balance exceeds the budgetary resources available at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

d. Record an “extraordinary loss” in the proprietary accounts in an amount equal to the amount of the NULO. This “extraordinary loss” should be recorded in the fiscal year that is current at the time that the adjustment is made as addressed in subparagraph 111003.A.2.b., above, irrespective of when the disbursement occurred.

3. Disbursements In-Transit

a. Disbursements in-transit must be obligated and expensed against the Working Capital Fund activity in which the transaction resides. If an activity is not identified in the transaction record, the DoD Component involved shall designate a specific activity.

b. Disbursements in-transit shall be charged in the same manner as UMDs. Charge the activity in which the disbursement in-transit resides by establishing a formal obligation.

c. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

d. Record an “extraordinary loss” in the proprietary accounts in an amount equal to the amount of the disbursement in-transit. This “extraordinary loss” should be recorded in the fiscal year that is current at the time that the obligation is made as addressed in subparagraph 111003A.3 b., above, irrespective of when the disbursement occurred.

e. The 180-day timeframe for posting disbursements in-transit begins on the earlier of (1) the date that the transaction exceeds the current distribution timeframe for disbursements--no more than 120 days for cross disbursement transactions and for MILSTRIP billings, and no more than 60 days for transactions by or for others (TBOs/TFOs) or (2) the date that the detail transaction fails an editor validation in the transmission or matching process. For example, if a detail transaction (hard copy or electronic) cannot be routed to an activity accounting system, the 180-day timeframe begins on the day that the routing system identifies that a problem is precluding the transaction from being routed to the activity accounting system. If a disbursement is transmitted to an activity, but is rejected by the activity accounting office or system, the 180-day timeframe starts on the day the transaction failed the initial attempt to match the correct obligation in the activity accounting system, or otherwise is rejected.

B. Proprietary Account Adjustments. Record an “extraordinary gain” in the proprietary account in an amount that is equal to the amount of the obligation or obligation adjustment provided for in subparagraphs 111003.A.1. through 3., above, as applicable. This “extraordinary gain” should be recorded in the fiscal year that is current at the time that the obligation or obligation adjustment is made as addressed in subparagraphs 111003.A.1. through 3., above, irrespective of when the disbursement occurred. Exceptions to the requirements of this paragraph may be approved by the Director of Accounting Policy in the Office of the USD(C). Such exceptions must be in writing.

C. Continue Research Efforts. The requirement to obligate and expense UMD, NULOs, and disbursements in-transit that remain unmatched at the end of the 180-day timeframe does not eliminate the need to complete the research and post the disbursement to the correct obligation. Research efforts must be continued-until the transaction is matched to the correct obligation or approval to discontinue research is obtained in accordance with the procedures in section 1108.

D. Reporting Requirements when the Correct Obligation has not been Identified within 180 Days. When obligations are established in accordance with the procedures addressed in subparagraphs 111003.A.1. through 3., above, the applicable transactions shall not be identified as closed out on monthly UMD and NULO status reports. Establishment of obligations for transactions addressed in subsection 111003 does not diminish or eliminate the

need to match these transactions to the proper obligation. The DFAS will specify procedures for identifying these transactions and amounts on the monthly problem disbursements reports.

111004. Posting Procedures when Required Research is Unsuccessful and Discontinuance of Further Research is Approved. The procedures addressed in paragraphs 111004.A. through C., below, shall be applied when the actions in section 1107 have been completed and a request to discontinue further research has been submitted and approved in accordance with section 1108.

A. Approval Before the Expiration of the 180-Day Period. If approval to discontinue further research occurs before the expiration of the 180-day period discussed in subsection 111003, above, and amounts have not been obligated and expensed in accordance with the provisions of that section, obligations and expenses must be established in accordance with the provisions of that section. Additionally, such obligations must be reported in accordance with paragraph 11 1004. C., below.

B. Approval After the Expiration of the 180-Day Period. If approval to discontinue further research occurs after the expiration of the 180-day period discussed in subsection 111003, above, and amounts have been obligated and expensed in accordance with the provisions of that section, no further obligation or expense action is required. However, such amounts are required to be reported in accordance with paragraph 111004. C., below.

C. Reporting Requirements when Required Research was Unsuccessful and Discontinuance of Further Research is Approved. Transactions cleared in accordance with the procedures addressed in sections 111004.A. and B., above, must be identified separately. from those cleared through the normal research and matching process. Therefore, upon completion of the actions described in those paragraphs, the applicable transactions shall be identified and reported in monthly UMD and NULO status reports. Such amounts shall be reported separately from all other amounts and corrections and reported separately as UMDs, NULOs, and in-transit disbursements.

1111 CORRECTIONS AND POSTINGS OF DISBURSEMENT INVOLVING THE FOREIGN MILITARY SALES (FMS) TRUST FUND

111101. General. Corrections and postings of disbursements in the FMS Trust Fund may require adjustments both to disbursements and charges to FMS cases or FMS surcharge accounts. This section cites general procedures for recording corrections of prior disbursements erroneously charged to the wrong obligation or otherwise posted erroneously. The procedures are stated in general terms in recognition of the numerous accounting systems, each of which has specific transaction identifiers and processing requirements.

111102. Special Notification Requirements

A. If, at the end of 120 days after discovery of the UMD or NULO condition, the DFAS or other accounting office has not been able to resolve the transactions, the

transactions shall be forwarded to the fund holder for resolution. For FMS, both the Defense Security Assistance Agency (DSAA) and the fund holder are to be involved in the resolution. At this time, the fund holder should be notified that he or she must fund the transaction if the transaction is not properly matched within 60 days. For FMS, a draft case modification, if required, is prepared for DSAA countersignature.

B. Due to FMS case management requirements, disbursements and disbursement adjustments involving FMS funds shall be coordinated with the DFAS-Denver Center. The DFAS will establish notification and approval procedures.

111103. Corrections of Prior Disbursements or Posting Errors when the Correct Obligation has been Identified

A. To record a disbursement properly that previously was charged erroneously, adjust the records of the FMS case or FMS surcharge account that should have been charged by taking one of the following two actions:

1. If a disbursement exceeds a prior obligation (that is, if it created a NULO), an adjustment to the prior obligation is required; therefore, increase the obligation previously recorded and match the disbursement to the adjusted obligation.

2. If a disbursement was made for which an obligation was not recorded previously, or otherwise has not been identified, an obligation is required; therefore, record an obligation and match the disbursement to the obligation.

3. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary review.

B. To correct an improper charge that previously was erroneously charged, adjust the records of the applicable FMS case or FMS surcharge account charged in error by taking one of the following two actions:

1. If a recoupment applies to a disbursement that was matched erroneously to an obligation, record a recoupment reversing the prior disbursement.

2. If the recoupment applies to a previously UMD, NULO, or disbursement in-transit for which, after 180 days, an obligation or obligation adjustment was established in accordance with subsection 111104, below, record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

111104. Posting Procedures when the Correct Obligation has not been Identified within 180 Days. Except as provided for in paragraphs 110301.B. and 110501.H., obligations or obligation adjustments are to be established for disbursements that have not been matched to the

correct obligation within 180 days. These obligations or adjustments are to be processed and recorded consistent with the procedures provided for in paragraphs 111104.A. through E., below:

A. Unmatched Disbursements

1. Unmatched disbursements must be obligated against the FMS case or FMS surcharge account where the UMD resides. (If a UMD has not been identified to a specific FMS case or FMS surcharge account, it shall be assigned to the FMS administrative surcharge account.)

2. Charge the FMS case or FMS surcharge account in which the unmatched disbursement resides by establishing a formal obligation. Obligations may be posted either at the detail (individual) transaction or summary level.

a. If the summary obligation method is used, the summary obligation amounts must be fully substantiated by detail transaction listings of each UMD making up the summary amount.

b. If posted at the document level, record a obligation adjustment in the accounting records. Post the UMD being cleared against the adjusted obligation.

3. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

B. Negative Unliquidated Obligations

1. Negative unliquidated obligations must be obligated against the FMS case or FMS surcharge account where the NULOs reside.

2. Charge the FMS case or FMS surcharge account in which the NULO resides by establishing a formal obligation adjustment. Obligations may be posted either at the detail (individual) transaction or summary level.

a. If the summary obligation method is used, the summary obligation amounts must be fully substantiated by detail transaction listings of each NULO making up the summary amount.

b. If posted at the document level, increase the amount of the previously recorded obligation that the NULO matches by recording a obligation adjustment in the accounting records.

3. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary review.

C. Disbursements In-Transit

1. Disbursements in-transit must be obligated against the FMS case or FMS surcharge account in which the transaction resides. If an FMS case or FMS surcharge account is not identified in the transaction record, it shall be assigned to the FMS administrative surcharge account.

2. Disbursements in-transit shall be charged in the same reamer as UMDs. Charge the FMS case or FMS surcharge account in which the disbursement in-transit resides by establishing a formal obligation.

3. The 180-day timeframe for posting disbursements in-transit begins on the earlier of (a) the date that the transaction exceeds the current distribution timeframe for disbursements--no more than 120 days for cross disbursement transactions and for MILSTRIP billings, and no more than 60 days for transactions by or for others (TBOs/TFOs) or (b) the date that the detail transaction fails an editor validation in the transmission or matching process.

a. For example, if a detail transaction (hard copy or electronic) cannot be routed to an FMS case or FMS surcharge account accounting system, the 180-day timeframe begins on the day that the routing system identifies that a problem is precluding the transaction from being routed to the FMS case or FMS surcharge account accounting system.

b. If a disbursement is transmitted to the Deputate for Security Assistance, DFAS-Denver Center, but is rejected by the Center, the 180-day timeframe starts on the day the transaction failed the initial attempt to match the correct obligation in the FMS case or FMS surcharge account accounting system, or otherwise is rejected.

4. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of Antideficiency Act violation responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

D. Continue Research Efforts. The requirement to obligate and expense UMD, NULOs, and disbursements in-transit that remain unmatched at-the end of the 180-day timeframe does not eliminate the need to complete the research and post the disbursement to the correct obligation. Research efforts shall continue until the transaction is matched to the correct obligation or approval to discontinue research is obtained in accordance with the procedures in section 1108,

E. Reporting Requirements When The Correct Obligation Has Not Been Identified Within 180 Days. When obligations are established in accordance with the procedures

addressed in paragraphs 111104.A. through C., above, the applicable transactions shall not be identified as closed out on monthly UMD and NULO status reports. Establishment of obligations for transactions addressed in subsection 111104 does not diminish or eliminate the need to match these transactions to the proper obligation. The DFAS will provide detail procedures to be used in identifying these transactions and amounts on the monthly problem disbursements reports.

111105. Posting Procedures when Required Research is Unsuccessful and Discontinuance of Further Research is Approved. The procedures addressed in paragraphs 111105.A. through C., below, shall be applied when the actions in section 1107 have been completed and a request to discontinue further research has been submitted and approved in accordance with section 1108.

A. Approval Before the Expiration of the 180-Day Period. If approval to discontinue further research occurs before the expiration of the 180-day period discussed in subsection 111104, above, and amounts have not been obligated and expensed in accordance with the provisions of that section, obligations must be established in accordance with these provisions. Additionally, such obligations must be reported in accordance with paragraph 11 1105. C., below.

B. Approval After the Expiration of the 180-Day Period. If approval to discontinue further research occurs after the expiration of the 180-day period discussed in section 111104, above, and amounts have been obligated and expensed in accordance with the provisions of that section, no further obligation or expense action is required. However, such amounts shall be reported in accordance with paragraph 111105. C., below.

C. Reporting Requirements When Required Research was Unsuccessful and Discontinuance of Further Research is Approved. Transactions cleared in accordance with the procedures addressed in paragraphs 111105.A. and B., above, must be identified separately from those cleared through the normal research and matching process. Therefore, upon completion of the actions described in that guidance, the applicable transactions shall be identified and reported in monthly UMD and NULO status reports. Such amounts shall be reported separately from all other amounts/corrections, and reported separately as UMD, NULOs, and in-transit disbursements.

1112 CORRECTIONS OF DISBURSEMENTS INVOLVING BOTH APPROPRIATED FUNDS AND REVOLVING OR TRUST FUNDS

The procedures used to correct disbursement transactions erroneously charged to one fund type (e.g., appropriated fund) that should have been charged to another fund type (e.g., working capital or trust fund), require the application of procedures from each fund type involved. For example, for a disbursement that was charged erroneously to an appropriated fund that should have been charged to a working capital fund, the recoupment to the appropriated fund should be processed in accordance with the applicable recoupment paragraph in section 1109,

while the charge to the working capital funds should be processed in accordance with the applicable paragraph in section 1110.

1113 CORRECTIONS REQUIRING NEW DISBURSEMENTS OR COLLECTIONS

111301. General. When the correction requires a new disbursement or collection, process the corrective action in accordance with sections, 1109, 1110, 1111, or 1112, as applicable. Additionally, process the new disbursement or collection in accordance with the provisions of subsection 111302, below, if the disbursement or collection does not involve a canceled appropriation. Process the transaction in accordance subsection 111303, below, if the disbursement or collection does involve a canceled appropriation.

111302. Disbursements or Collections that are Chargeable to a Current or Expired Appropriation or a Working Capital or Trust Fund

A. Disbursement. When a new cash disbursement involves a current or expired appropriation or a working capital or trust fund, and a canceled appropriation is not involved, process and record the disbursement in accordance with existing policies and procedures for new disbursements for such accounts.

B. Collection. When a new cash collection involves a current or expired appropriation or a working capital or trust fund, and a canceled account is not involved, process and record the collection in accordance with existing policies and procedures for collections for such accounts.

111303. Disbursements or Collections that are Properly Chargeable to a Canceled Appropriation (Except that the Appropriation is Canceled)

A. Disbursement. When a new disbursement involves an amount that otherwise is properly chargeable to a canceled appropriation except that the appropriation is canceled, comply with the provisions of the closing accounts legislation (summarized in paragraphs 110402.E.-G.) including:

1. Record and report the charge as a new obligation and a disbursement in a currently available appropriation that is available for the same purpose as the canceled appropriation. If the obligation causes the cumulative 1 percent limit (identified in paragraph 110402.LF.) to be exceeded, no disbursement can be made. The office funding the proposed payment (contract) must contact the cognizant Military Department (Assistant Secretary for Financial Management and Comptroller) or the Defense Agency Comptroller for referral to the Office of the USD(C) for appropriate disposition.

2. Adjust the records of the canceled appropriation to reflect the new disbursement by taking one of the following two actions, as appropriate.

a. Reduce the unliquidated balance of the canceled appropriation if the correct detail obligation was recorded in the canceled appropriation prior to the cancellation of the appropriation. (There should be no change in the unobligated balance of the canceled appropriation.) Match the current charge (disbursement) to the appropriate prior obligation in the canceled appropriation.

b. Make a memorandum record of the disbursement and reduce the unobligated balance of the canceled appropriation if the correct detail obligation was not recorded in the canceled appropriation prior to the cancellation of the appropriation. (There should be no change in the unliquidated obligation balance of the canceled appropriation.)

3. The disbursement shall not be issued if the adjustment required by subparagraphs 111303.A.2.a. or b., above, would exceed the unexpended balance of the canceled appropriation, or if reducing the unobligated balance in accordance with the provisions of subparagraph 111303.A.2.b., above, would result in a negative unobligated balance at the appropriation level.

4. The disbursement may be made, but a potential violation of the Antideficiency Act must be reported and a preliminary review initiated if the adjustments required by subparagraphs 111303.A.2.a. or b., above, (a) would not exceed the unexpended balance or the unobligated balance at the appropriation level, but (b) would exceed the unexpended balance or the unobligated balance of an administrative subdivision, of the appropriation, that has Antideficiency Act violation responsibility.

B. Collection. When a new cash refund or other collection involves an amount that otherwise would be refunded or collected to a canceled appropriation except that the appropriation is canceled, comply with the provisions of the closing accounts legislation including:

1. Deposit the collection to the Treasury receipts account 3200, "Collections of Receivables from Canceled Accounts."

2. Increase the unobligated or unliquidated balance of the canceled appropriation, as appropriate, to reflect each refund or collection deposited into the Treasury account. Adjust the records of the canceled appropriation to reflect the new refund or collection by taking one of the following two actions, as appropriate.

a. If the collection applies to an accounts receivable that had been established prior to the cancellation of the appropriation, record a memorandum collection offsetting the receivable and increase the unobligated balance of the canceled appropriation.

b. If the collection applies to a disbursement that was not established as an accounts receivable prior to the cancellation of the appropriation, record a memorandum collection as an offset to the previous disbursement and increase the unliquidated obligation balance of the appropriation.

1114 REPORTING REQUIREMENTS

111401. Data Collection Requirements. The DFAS shall be responsible for collecting and consolidating data and reporting on the amounts and the status of UMDs, NULOS, and disbursements in-transit.

111402. Recurring Monthly Reporting Requirements

A. DoD Component accounting offices shall transmit to the DFAS-HQ-A, on a monthly basis, a status report identifying all disbursement transactions that have not been matched to the correct obligation. The DFAS will specify the format and detail reporting requirements.

B. When, in accordance with the provisions of paragraphs 110904.F. and subsections 111003., and 111104., the correct obligation has not been identified within 180 days and [new] obligations have been established, the applicable transactions shall not be identified as closed out on monthly UMD and NULO status reports. Establishment of obligations for transactions addressed in the provisions cited above does not diminish or eliminate the need to match those transactions to the proper obligation. The DFAS will specify detail procedures to be used in identifying these transactions and amounts on the monthly problem disbursements reports.

1115 MAINTENANCE OF ADEQUATE RECORDS

DoD Components, and supporting accounting offices, shall maintain an audit trail with adequate records to substantiate all transactions, amounts and actions taken with respect to the research and clearing of UMDs, NULOs, and disbursements in-transit. This includes, but is not limited to, determinations that selected transactions meet the criteria for discontinuing further research.