

VOLUME 3, CHAPTER 11: “UNMATCHED DISBURSEMENTS, NEGATIVE UNLIQUIDATED OBLIGATIONS, AND IN-TRANSIT DISBURSEMENTS”

SUMMARY OF MAJOR CHANGES

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue, and underlined font***](#).

The previous version dated [April 2015](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Verified all references and updated where appropriate. Corrected acronym usage, hyperlinks, and format.	Revision
All	Removed obsolete terminology that established research and reconciliation requirements based on the location of the accounting offices; and aligned requirements with the Treasury Financial Manual.	Revision
All	Deleted definitions duplicated in this chapter that exist in the Glossary; and moved other definitions located throughout the chapter to the “Definitions” section.	Deletion

Table of Contents

VOLUME 3, CHAPTER 11: “UNMATCHED DISBURSEMENTS, NEGATIVE UNLIQUIDATED OBLIGATIONS, AND IN-TRANSIT DISBURSEMENTS”.....		1
1101	GENERAL	5
110101.	Purpose.....	5
110102.	Authoritative Guidance	5
1102	DEFINITIONS	6
1103	MATCHING DISBURSEMENTS TO OBLIGATIONS	7
1104	OVERAGED UMDs/NULOs	8
110401.	Current and Expired Accounts.....	8
110402.	Accounts Closed/Scheduled to Close at Fiscal Year-End.....	9
110403.	Expenditure Controls	11
1105	RESPONSIBILITIES FOR FUNDING OVERAGED UMDs AND NULOs.....	11
110501.	Accounting Offices	11
110502.	Disbursing Offices	14
110503.	Office of the Under Secretary of Defense (Comptroller).....	14
110504.	Fund Holders.....	15
1106	PRIORITIES FOR RESEARCHING AND CORRECTING UMDs	16
110601.	First Priority	16
110602.	Second Priority.....	16
110603.	Third Priority.....	16
110604.	Secondary-Level Priorities.....	16
1107	RESEARCH REQUIREMENTS FOR OVERAGED NULOs/UMDs.....	17
110701.	General Requirements.....	17
110702.	Contracts	17
110703.	Reimbursable Order/Military Interdepartmental Purchase Request	18
110704.	Travel Orders	19
110705.	Military Standard Requisitioning and Issue Procedures Requisitions	19
110706.	Unidentified Document Numbers	20
110707.	Other Transactions	20

Table of Contents (Continued)

1108	REQUEST TO DISCONTINUE UMD/NULO RESEARCH	21
110801.	Research Decision	21
110802.	Minimum Criteria for Discontinuance	21
110803.	Reporting Continued Research Efforts	22
1109	CORRECTION/POSTING DISBURSEMENTS – APPROPRIATED FUNDS	22
110901.	General Requirements	22
110902.	Correction of Disbursement – Current/Expired Appropriation	23
110903.	Correction of Disbursement – Closed Appropriation (Before Closure)	23
110904.	Correction of Disbursement – Closed Appropriation (After Closure).....	25
110905.	Posting Requirements – Unidentified Obligation	27
110906.	Posting Requirements – Discontinued Research Approved.....	29
1110	CORRECTION/POSTING DISBURSEMENTS – WORKING CAPITAL FUNDS .	30
111001.	General Requirements	30
111002.	Posting Requirements – Identified Obligation.....	30
111003.	Posting Requirements – Unidentified Obligation	32
111004.	Posting Requirements – Discontinued Research Approved.....	34
1111	CORRECTION/POSTING DISBURSEMENTS – FOREIGN MILITARY SALES TRUST FUND.....	35
111101.	General Requirements	35
111102.	Special Notification Requirements	35
111103.	Posting Requirements – Identified Obligation.....	35
111104.	Posting Requirements – Unidentified Obligation	36
111105.	Posting Requirements – Discontinued Research Approved.....	38
1112	CORRECTIONS OF DISBURSEMENTS – MULTIPLE FUND TYPES	38
1113	CORRECTIONS REQUIRING NEW DISBURSEMENTS OR COLLECTIONS	38
111301.	General Requirements	38
111302.	Current/Expired Appropriation or Working Capital/Trust Fund	38
111303.	Closed Appropriation.....	39
1114	PROCESSING IN-TRANSIT DISBURSEMENTS	40
111401.	General Requirements	40
111402.	Reasons In-Transits Occur	41
111403.	Required Documentation	42
111404.	Processing Cross-Disbursed In-transit Disbursements	43
111405.	Additional Responsibilities for Resolving In-transit Disbursements.....	44

Table of Contents (Continued)

1115 REPORTING REQUIREMENTS..... 45

 111501. Data Collection Requirements 45

 111502. Monthly Reporting Requirements..... 45

1116 RECORD RETENTION 45

CHAPTER 11

**UNMATCHED DISBURSEMENTS, NEGATIVE UNLIQUIDATED OBLIGATIONS,
AND IN-TRANSIT DISBURSEMENTS**

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. Department of the Treasury (Treasury) and cash resources that are not part of the fund balance with Treasury. This chapter also prescribes the requirements for researching and correcting unmatched disbursements (UMDs), negative unliquidated obligations (NULOs), and in-transit disbursements.

110102. Authoritative Guidance

The accounting policy and related requirements prescribed by this chapter are in accordance with (IAW) the applicable provisions of:

A. Title 36, Code of Federal Regulations, parts 1220 and 1236, (36 CFR parts 1220 and 1236)

B. Title 31, United States Code, section 1501 (31 U.S.C. § 1501)

C. 31 U.S.C. §§ 1551 - 1557

D. 44 U.S.C. §§ 3101 – 3107 and 3301 - 3303

E. Office of Management and Budget (OMB) Circular A-123

F. Treasury Financial Manual, Volume 1, Part 2, Chapter 3100 (1 TFM 2-3100)

G. 1 TFM 2-5100

H. Defense Logistics Manual (DLM) 4000.25, Defense Logistics Management Standards (DLMS), Volume 4

1102 DEFINITIONS

The definitions provided in this section describe terminology associated with UMDs, NULOs, and in-transit disbursements and provide information specifically for purposes of this chapter.

A. Accounting Center. The accounting centers for the Department are the Defense Finance and Accounting Service (DFAS) Centers in Cleveland, Columbus, Indianapolis, and Rome. The accounting center is responsible for receiving and processing status of funds reports from accounting offices that support Department of Defense (DoD) Component fund holders. For cross-disbursements, an accounting center may distribute in-transit disbursements received from paying centers to accounting offices and monitor the status of disbursement recordation.

B. Accounting Office. An accounting office is responsible for maintaining accounting records of assigned fund holders. All accounting offices are assigned a six-digit Agency Accounting Identifier Code (fiscal station number, authorization accounting activity, or accounting and disbursing station number). All disbursement transactions eventually must be distributed to an accounting office, recorded against a valid obligation, and reported on status of funds reports and financial statements. All accounting offices within the Department report through the DFAS Centers in Cleveland, Columbus, Indianapolis, or Rome.

C. Cross-Disbursement. A cross-disbursement is created when a disbursing office makes a payment for an accounting office that reports to a DFAS center other than the center to which the disbursing office reports. A cross-disbursement is also created when a non-DoD federal agency (such as the Department of State) makes a payment charged to a DoD account.

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

E. Disbursing Office. A disbursing officer (DO) is responsible for disbursing and collecting funds on behalf of one or more DoD Components as well as ensuring proper internal controls, and obtaining, maintaining, and providing sufficient supporting documentation for such transactions. In the case of centralized disbursing, documentation functions may take place at an entitlement activity rather than at a disbursing office. Disbursing offices also are responsible for reporting disbursements and collections to a paying center using a unique four-digit Disbursing Station Symbol Number (DSSN) assigned by Treasury.

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

G. Entitlement Activity. An entitlement activity is responsible for certifying the validity of payments on behalf of one or more DoD Components; and consequently, is responsible for obtaining, maintaining, and providing sufficient supporting documentation for such payments. In the case of centralized disbursing, supporting documentation remains with the entitlement activity rather than the disbursing office.

H. Paying Center. A paying center is responsible for consolidating disbursements and collections transmitted by DOs that report to the center, and for reporting the DOs' returns by assigned DSSNs to Treasury.

I. Suspense Account (Budget Clearing Account). Treasury Account F3875 temporarily credits unclassified transactions from the public or other Federal entities when there is a reasonable presumption that the amounts belong to the agency. Suspense (clearing) accounts immediately affect the budget and transactions must be reconciled within 60 days.

J. Inter-appropriation. Inter-appropriation transactions result from business activities conducted by entities that are not consolidated such as DoD and a state or local government.

K. Intra-appropriation. Intra-appropriation transactions result from business activities conducted by two different consolidation federal entities included in the Financial Report of the U.S. Government.

L. Obligation. For purposes of matching a disbursement to its proper obligation, the term obligation refers to each separate obligation amount identified by a separate line of accounting. While a single order may be funded by multiple lines of accounting, each line of accounting represents a separate obligation amount to which the resulting disbursement must be matched. DoD requirements for incurring and recording obligations are prescribed in Chapter 8. [See the Glossary for a complete definition of obligation.](#)

1103 MATCHING DISBURSEMENTS TO OBLIGATIONS

A disbursement must be matched to its corresponding, detail-level obligation and recorded as promptly as current systems and business practices permit. The vast majority of obligations and disbursements are matched automatically via the Department's various system interfaces. However, some obligations and disbursements are required to be manually matched, mainly due to non-automated processes or the rejection of transactions by automated systems. When a disbursement is recorded in the accounting system but not matched to an obligation, the disbursement [results in](#) a UMD. When a disbursement is recorded in the accounting system and is matched to an obligation, but the amount of the disbursement exceeds the amount on the recorded obligation, the amount of the disbursement in excess of the applicable obligation [results in](#) a NULO. After performing due [diligence](#) research [IAW](#) section 1105, obligations must be established and recorded for all UMDs and NULOs no later than September 30 of the year that the cited appropriation is scheduled to be closed regardless of the date that the disbursement was made. [Fund holders must participate in the resolution of both UMDs and NULOs as both affect funds availability and have Antideficiency Act \(ADA\) implications. In addition to the timelines specified in this chapter, UMDs and NULOs must be included in the Dormant Account Review addressed in Chapter 8.](#)

A. UMD and NULO Research Requirement. Research and correction actions must begin as soon as it is apparent that a disbursement transaction has resulted in a UMD or a NULO. The accounting office involved must immediately determine whether the disbursement is

a valid charge to the fund holder, and whether a matching obligation transaction is recorded under a different or incorrect document number. If the disbursement is not a valid charge to the fund holder, the accounting office and the fund holder must reject the disbursement IAW subparagraph 111404.C or paragraph 111405. If a matching obligation is recorded under an incorrect document number, the fund holder must immediately correct the document number, thus allowing for the proper matching of the disbursement to its corresponding, detail-level obligation. If an accounting adjustment affects a contract payment, contract reconciliation must be performed IAW Volume 10, Chapter 20. Other research requirements are specified in section 1107.

B. Record an Obligation for Unresolved UMDs and NULOs. Immediately notify the fund holder of applicable UMDs or NULOs. If research efforts fail and the condition is not corrected, advise the fund holder of the requirement to establish a matching obligation within the timeframes delineated in paragraph 110501. If the fund holder fails to record an obligation, the accounting office must elevate the issue IAW subparagraphs 110501.A.3 or 110501.B.4 as applicable.

C. Establish Obligations for UMDs and NULOs at the Transaction Level. Disbursements must be matched to their corresponding obligation at the detail transaction level. After performing due research IAW section 1105, obligations recorded for UMDs and NULOs must be recorded at the detail transaction level as follows:

1. An obligation in the amount of the disbursement must be recorded at the transaction level for UMDs.

2. An obligation adjustment in the amount of the disbursement in excess of the applicable obligation must be recorded at the transaction level for NULOs.

1104 OVERAGED UMDs/NULOs

110401. Current and Expired Accounts

A. Unobligated overaged NULOs and UMDs have the first claim to the unobligated balances in any of the current and expired 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 NULOs and UMDs (if they are obligated) when added to obligated balances, would exceed the availability in such accounts.

B. DoD Components may continue to research overaged NULOs and UMDs without the need to initiate an investigation of a potential ADA violation, except as provided for in subparagraphs 110401.C – E.

C. If an account is obligated fully (but not overobligated) and has unresolved overaged NULOs and UMDs that, if obligated, would exceed the availability in an account, payments may continue, provided the account is not in danger of exceeding the unexpended

balance (resulting in an overdisbursement). If an overdisbursement occurs, payments from the account must stop immediately, and the DoD Component involved must accomplish actions required for a potential ADA violation IAW Volume 14.

D. Should a new obligation or obligation adjustment be incurred in an account that has been obligated fully as a result of unresolved, overaged UMDs or NULOs, such an obligation must be recorded even though it will result in recorded obligations in excess of available resources. Additionally, the DoD Component involved must accomplish actions required for a potential violation IAW Volume 14.

E. This chapter must not 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 ADA violation that results from any action other than the sole requirement to obligate amounts for UMDs and NULOs.

110402. Accounts Closed/Scheduled to Close at Fiscal Year-End

A. Obligations must be established no later than September 30 by all DoD Components for all UMDs, NULOs and in-transit transactions in appropriations scheduled to close at the end of the current fiscal year.

B. If such obligations result in obligations in an excess of available funds, the DoD Components must resolve the negative balance and report to Treasury within two months but no later than the end of the current fiscal year. See Chapter 10 for additional information.

C. If the account is not returned to a positive balance within 60 days, the DoD Component involved must accomplish actions required for initial identification and investigation of a potential ADA violation IAW Volume 14.

D. Each administrative subdivision of an appropriation carries with it the responsibility for any potential or actual ADA violation. A DoD Component has the right to modify the number or level of administrative subdivisions within an appropriation before the closure of an appropriation. However, once an appropriation closes, no further modification or change may be made in the number or level of administrative subdivisions. Further, the modification of number or level of subdivision does not override the requirements in Volume 6A, Chapter 4, section 0406 regarding the level of reporting on the *Appropriation Status by Fiscal Year Program and Subaccounts (Accounting Report Monthly 1002)* or control requirements in Chapter 10, subparagraph 100314.A.1.

E. A new cash disbursement, which would be chargeable (both as to purpose and amount) to an appropriation except that the appropriation is closed, 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 closed appropriation.
2. Unobligated balance of the currently available appropriation charged.

3. One percent limitation, discussed in subparagraph 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 closed, may not exceed one percent of the total amount appropriated to the currently available appropriation being charged. If it exceeds the one percent limit, the office funding the proposed payment (contract) must contact the Military Department Assistant Secretary for Financial Management and Comptroller (FM&C) or Defense Agency Comptroller for referral to the [Office of the Under Secretary of Defense \(Comptroller\) \(OUSD\(C\)\)](#), [Deputy Chief Financial Officer \(DCFO\)](#) for appropriate disposition.

G. Corrections of payments involving closed appropriations must be processed as inter- and intra-appropriation adjustments. Such corrections generally do not require the obligation of currently available funds or deposits to the [Treasury](#) miscellaneous receipts account if the payment occurred before the closure of the applicable appropriation, or appropriations available for new obligation already have been charged properly.

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

I. A potential ADA violation must be reported and a preliminary investigation initiated if posting an adjustment to a current, expired or closed 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. See Volume 14 for ADA investigations and reporting requirements.

J. Perpetual balances of unobligated amounts and unliquidated amounts must be maintained for each closed appropriation. If the unobligated balance or unexpended balance in a closed appropriation is negative, a potential ADA violation has occurred and must be reported and investigated.

K. All disbursements and collections, or adjustments to disbursements and collections, involving current, expired, or closed appropriations, must be reported to Treasury. However, a correction in which both the debit and credit entry cite a closed appropriation is not reported to Treasury.

110403. Expenditure Controls

The DoD Components must work with accounting and disbursing offices to implement effective controls to prevent overexpenditures in accounts that may be in an overobligated position or that have UMD or NULO 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 obligations.

1105 RESPONSIBILITIES FOR FUNDING OVERAGED UMDs AND NULOs

110501. Accounting Offices

A. The accounting office must contact the fund holder immediately for corrective action when an obligation document that corresponds to a disbursement resulted in a UMD or NULO, but the obligation document has not been recorded, or not recorded for, or adjusted to, the proper amount, the accounting office must perform the following actions within 60 days:

1. Immediately provide the fund holder with a copy of the obligating document or disbursing document (in the case of a duplicate or overpayment), and request the fund holder record an obligation or obligation adjustment within 10 days of notice.

2. If the fund holder does not record the requested obligation, or obligation adjustment, within 10 days of notice, escalate the matter with the DoD Component, within the subsequent 10 days. The accounting office must notify the fund holder of any action taken.

B. When an accounting office does not have an obligation document that corresponds to a disbursement that has resulted in a UMD or NULO, the accounting office must:

1. Immediately inform the fund holder of the UMD or NULO and also research the cause of the UMD or NULO. The required supporting documentation should be readily available from the fund holder.

2. Conduct research as required in section 1107 and provide the results of the research to the fund holder within 30 days. The Director or designee must advise the fund holder of the type, extent, and results of the research performed. Supporting documentation accumulated in the performance of the research must be retained and made available to the fund holder upon request.

3. If supporting documentation shows that a valid obligation was incurred but not recorded, **notify** the fund holder that an obligation **must be recorded within 60 days**. The **valid obligation** must be documented and include the documentation that supports the obligation. **The fund holder must provide the obligating document to the accounting office within five days of the subsequent accounting period close**. The fund holder **must analyze the commitment and obligation files, evaluate the research documents provided by the accounting office, and/or request additional funding as required**.

4. If the fund holder does not record the requested obligation or obligation adjustment within **five** days of notice, **immediately escalate the matter with the fund holders' leadership**. The supporting documentation required at the time of disbursement is sufficient to support the recording of a matching obligation. See Volume 10, Chapter 8 for supporting documentation requirements, and Volume 5, Chapter 9 for payment certification requirements.

C. Obligation and obligation adjustment transactions must be recorded at the detail document/transaction level to ensure the proper matching of obligation and disbursement transactions and to properly affect unobligated balances.

D. When the **fund holder** records a valid obligation or obligation adjustment that was not previously recorded and that action indicates a potential ADA violation, the DoD Component must be notified immediately and the DoD Component must conduct a preliminary investigation of the potential ADA violation **IAW** Volume 14, Chapter 3.

E. When there is an indication of a potential duplicate payment or overpayment, the accounting office **and fund holder** must promptly review all applicable payment files. If there is a duplicate payment or overpayment, the **fund holder** must record a refund receivable and initiate a recovery of funds action. Additionally, the accounting office must record **the applicable transactions that may result in a UMD or NULO**, and advise the fund holder that the **UMD or NULO** requires **corrective action** within the timeframes specified in subparagraph 110501.A.

F. In accordance with Chapter 8, **Section 0813**, paragraph 081310, disbursement documents that support obligations that have not been recorded previously must be recorded at the obligation-paid stage of accounting with a corresponding decrease in the uncommitted/unobligated balance of the affected allotment.

G. In accounting for closed appropriations, accounting offices must:

1. Maintain the official accounting records for all corrections to the balances of closed appropriations and funds **IAW Volume 1, Chapter 9**.

2. Establish appropriate controls over closed appropriations by initiating the following actions (minimum requirements):

a. Submit all corrections to closed appropriations to the accounting center. All corrections to closed appropriations must be transmitted to the applicable accounting center for posting to the accounting center's accounting records and/or approval to post to the accounting office's accounting records. The accounting center's accounting records must support the accounting records of the accounting office responsible for the administrative control of the closed appropriation. [For more information on Correction of Reporting Errors in Closed/Cancelled Accounts, see Chapter 10.](#)

b. Develop and implement procedures to ensure that all transactions affecting closed appropriation unobligated and unliquidated balances are provided to the appropriate accounting center responsible for maintaining the unobligated and unliquidated obligation balances.

3. Adjust detailed records to reflect accounting corrections when detailed records are still being maintained for contract payment or other purposes. If an accounting adjustment affects a contract payment, contract reconciliation will be performed if required by and [IAW Volume 10, Chapter 20.](#)

4. Record corrections for UMDs, NULOs, and in-transit disbursement transactions for which research actions have been completed and correcting accounting transactions have been identified and submitted by a DoD Component:

a. Record corrections received from DoD Components within five days of receipt (except as provided for in subparagraph 110501.I.4.b). The recording of such corrections must not be delayed pending the completion of contract reconciliation or other related actions.

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

I. In accounting for closed appropriations, accounting centers [and fund holders](#) must:

1. Maintain the official Treasury records for all corrections to the balances of closed appropriations and funds. Ensure that an adequate audit trail is maintained for all corrections affecting closed appropriations, including any offsetting associated corrections to current or expired appropriations. See section 1116 and Volume 1, Chapter 9 for DoD policy on record retention.

2. Ensure that the beginning, expended unpaid balance of each closed appropriation accurately reflects the official Treasury balance of the appropriation on the date of closure.

3. Perform a one-time review of each closed appropriation to ensure that the beginning accounts payable (obligations, unpaid) balance of each closed appropriation accurately reflects the balances on the Standard Form 133, "Report on Budget Execution and Budgetary Resources," as of the date of closure.

110502. Disbursing Offices

A. A DO must ensure supporting documentation is provided to the accounting office or fund holder upon request. Such supporting documentation must be provided no later than 30 days after [the date of the request](#). Supporting documentation may include a copy of the contract, payment voucher, receiving report, and vendor invoice. Such supporting information also may be obtained or provided via electronic data access. All disbursements must remain classified in the accounting system to the line of accounting in which originally reported until resolved. All invalid transactions recorded in suspense accounts F3875 and F3885 must be reclassified in the accounting system to the correct line of accounting or resolved and cleared from the suspense account. See section 1116 and Volume 1, Chapter 9 for DoD policy on record retention.

1. Transfer positive balances to Treasury miscellaneous receipts account [IAW](#) Volume 5, Chapter 8.

2. For negative balances, initiate action for a discontinued research approval as specified in section 1108 or a potential ADA violation [IAW](#) Volume 14 as appropriate.

B. A DO is responsible for recouping an overpayment [IAW](#) internal recovery procedures for refunds due from the public. Since the overpayment or a duplicate payment may have caused a UMD or NULO, the DO must assist, as required, in the research of UMDs and NULOs.

110503. Office of the Under Secretary of Defense (Comptroller)

The [OUSD\(C\)](#), Deputy Comptroller, Program/Budget (P/B) must ensure the following actions are taken when (a) funds in a particular Defense-wide account are allocated to a number of fund holders ([sub-allocation holder identifiers](#)) 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 a potential ADA violation is submitted to the [OUSD\(C\)](#), [DCFO](#) when applicable.

C. An investigation of a potential ADA violation is initiated, when warranted, [IAW](#) Volume 14.

D. Corrective actions are taken by the fund holder and the applicable accounting office, as appropriate. Corrections must be adequately supported and must identify the cause of the error.

110504. Fund Holders

OUSD(C), P/B, the Military Department Assistant Secretaries (FM&C), Comptrollers of the Defense Agencies and DoD Field Activities, and other DoD fund holders must:

A. Designate an appropriation manager to receive, process, and take action on notifications from accounting offices; and to take other appropriate action(s) regarding the stoppage of payments, the obligation of disbursement transactions within the prescribed timeframes, and other actions provided for in this chapter.

B. Obligate funds within the timeframes specified in paragraph 110501 after the receipt of an initial notification from the cognizant accounting office that a disbursement is unmatched or exceeds an obligation at the allotment/fund holder level. If sufficient unobligated balances are not available, an investigation of a potential ADA violation must be initiated, when warranted, [IAW](#) Volume 14.

C. Upon notification from the cognizant accounting office that a disbursement exceeds an obligation at the obligation level and the condition has not been corrected, provide the accounting office, as appropriate, an obligation document, or a funding document together with an obligation document, to cover the amount of the [UMD](#) or [NULO](#) within the timeframes specified in paragraph 110501.

D. When sufficient availability does not exist in the appropriation (or other administrative subdivision of funds), request a realignment of funds within an account or between accounts, a reprogramming of funds, a deficiency supplemental, or other acceptable funding solution. Also, forward supplemental funding documents to the cognizant accounting office to cover any funding shortfalls.

E. Initiate a review, immediately, of the circumstances to determine whether an investigation of a potential ADA violation is warranted [IAW](#) Volume 14.

F. Develop and implement standard procedures for determining the timeframes and procedures for record retention applicable to detail accounting transaction records for closed appropriations. These procedures must ensure that required 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.

G. In addition to the responsibilities addressed in paragraph 110504, the DoD fund holders must resolve UMDs and NULOs, upon notice, within the timeframes specified in paragraph 110501. The fund holder must:

1. Deobligate any invalid and/or unsupported obligations. Footnote the reasons for such deobligations on the applicable journal voucher or open document listing supporting the deobligation action IAW Chapter 8, section 0804.

2. Assist with the reconciliation of commitment and obligation information between the pay/contract/vendor system and the accounting system.

1106 PRIORITIES FOR RESEARCHING AND CORRECTING UMDs

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

110601. First Priority

The first priority is appropriations or funds specifically requested by OUSD(C).

110602. Second Priority

The second priority is appropriations or funds in an overexpended or overobligated status, regardless of whether the appropriation is in a current, expired, or closed status. Also included in this category are 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

The third priority is all other appropriations and funds, whether in a current, expired, or closed status.

110604. Secondary-Level Priorities

Within each of the three priority groups, appropriations or funds with the highest negative balance/amount of UMDs generally must 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.

1107 RESEARCH REQUIREMENTS FOR OVERAGED NULOs/UMDs

110701. General Requirements

This section identifies the minimum research requirements for all overaged NULO and UMD transactions. It covers contracts, reimbursable orders, Military Interdepartmental Purchase Requests (MIPRs), travel orders, and Military Standard Requisitioning and Issue Procedures (MILSTRIP).

110702. Contracts

A. Accounting Office Actions

1. Select contract(s) for review based on either a 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 UMDs 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 the error condition of each UMD (e.g., wrong appropriation or insufficient funds) to guide further research.
7. For a UMD, make a system 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 those transactions that cannot be corrected back to the disbursing office for correction or recovery (e.g., the wrong accounting office or suspected overpayments). Perform the related required central reporting system actions.

11. Request selected voucher copies and supporting information when a centrally-administered contract is still open on the accounting activity'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 Order/Military Interdepartmental Purchase Request

For reimbursable orders and MIPRs, the accounting office must:

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

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

C. [Instruct the ordering office and/or fund holder to](#) record the transaction when the ordering office or command validates the transaction and authorizes the obligation action.

D. When the ordering office **determines that additional** research **is needed** to resolve costs billed, allow the ordering office from the date of disbursement up to the timeframes specified in paragraph 110501 to resolve and/or fund (obligate) the order/MIPR.

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

110704. Travel Orders

For travel orders, **the fund holder and** the accounting office (unless otherwise indicated) must:

A. Determine if a travel payment that 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. Military Standard Requisitioning and Issue Procedures Requisitions

For MILSTRIP transactions, the accounting office must:

A. Review MILSTRIP transactions for discrepancy report and billing adjustment status. Submit billing adjustment requests, when required, **IAW** the **DLM 4000.25**, DLMS Volume 4. Any billing adjustment request must be submitted within one year of the billing date (two years for Foreign Military Sales).

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

C. Accept the Military Standard Billing System transaction if a billing adjustment has not been requested and the time period has expired **IAW** the DLM 4000.25, DLMS Volume 4, Chapters 3 and 4.

110706. Unidentified Document Numbers

For unidentified document numbers, the accounting office must:

- A. Review the unmatched transaction for a disbursing office number and other data to ascertain the source of the obligation, e.g., the voucher number and code.
- B. Refer the transaction to the disbursing office for verification and the furnishing of supporting documentation if there is a valid disbursing station number.
- 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 office cannot identify the transaction.
- D. **Instruct** the disbursing office or obligating office **to record the transaction if the proper** obligation document **is** identified.
- E. Record an obligation transaction when the obligating office can identify the obligation document, but there is no current open obligation.

110707. Other Transactions

Fund Holder and Accounting Office Actions:

- A. Review transactions to determine their purpose and nature, for example, supplemental payroll payment, express or other transportation services or hearing officer examination reporting services.
- B. Request the disbursing office 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.
- C. Forward transactions to the funding office 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.
- D. 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.
- E. Record a transaction when it can be matched to a prior unliquidated obligation. If a transaction does not match, continue research efforts, including trying to identify erroneous document numbers.

1108 REQUEST TO DISCONTINUE UMD/NULO RESEARCH

110801. Research Decision

UMDs and NULOs may continue to be researched (notwithstanding the obligation of funds IAW section 1105). For transactions of \$2,500 or less, the decision to continue (or discontinue) research is at the discretion of the fund holder. For transactions over \$2,500, the Military Department Assistant Secretaries (FM&C) or Defense Agency Comptroller, may require the fund holder to continue research action. If continued research is required of the fund holder, written approval to discontinue research must be obtained from the Military Department Assistant Secretaries (FM&C) or Defense Agency Comptroller for transactions over \$2,500. However, once the required obligation or obligation adjustment has been recorded for a UMD or NULO, DFAS must discontinue reporting the UMD or NULO regardless of whether research efforts continue.

110802. Minimum Criteria for Discontinuance

The following conditions describe the minimum criteria required to request an approval to discontinue research:

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

B. For contracts closed by DFAS:

1. A preclosing payment review has been completed.

2. The UMD or NULO conditions that cannot be resolved will not exceed the contract total if recorded.

C. An erroneous document number that neither the disbursing office nor the indicated obligating office can furnish information or support the disbursement.

D. A travel order where 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 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 do not appear to be cost-effective.

F. The following information must be submitted with each request to discontinue research:

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

2. A summary of research efforts and other steps taken to obtain missing documents or additional support for insufficient documentation. At a minimum, the summary report must 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 accomplished, as reported by the office, that the request for documentation and supporting information could not be provided 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.

110803. Reporting Continued Research Efforts

After the research required by section 1107 is accomplished by the accounting office and the fund holder, and the researched UMDs and NULOs are properly resolved, and/or required obligations or obligation adjustments are recorded, further research or reporting of such UMDs or NULOs is not required. If a fund manager and/or the accounting office later identify the need for an additional adjustment or correction and provide the appropriate adjusting/correcting document, the appropriate adjustment/correction must be recorded.

1109 CORRECTION/POSTING DISBURSEMENTS – APPROPRIATED FUNDS

110901. General Requirements

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

110902. Correction of Disbursement – Current/Expired Appropriation

This paragraph describes corrections of prior disbursements or posting errors when the correct obligation has been identified and the appropriation that should have been charged 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 (e.g., created a NULO), an adjustment to the prior obligation is required. Therefore, increase the amount of obligation previously recorded to eliminate the NULO.

2. If a disbursement was made, for which an obligation was not previously 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 previous UMD, NULO, or in-transit disbursement for which an obligation or obligation adjustment was established IAW paragraph 110905, record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

110903. Correction of Disbursement – Closed Appropriation (Before Closure)

This paragraph describes the corrections of prior disbursements or posting errors when the correct obligation has been identified and the appropriation that should have been charged is a closed appropriation and the disbursement occurred before closure of the correct chargeable appropriation.

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

1. Adjust the records of the closed 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 closed appropriation (prior to the closure of the appropriation), match the prior charge (disbursement) to the appropriate prior obligation in the closed appropriation and reduce the unliquidated balance of the closed appropriation. (There **is** no change in the unobligated balance of the closed appropriation.)

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

2. If the adjustment (required by subparagraphs 110903.A.1.a or b) would exceed the unexpended balance or unobligated balance of the closed appropriation, or any administrative subdivision thereof; or if upon reducing the unobligated balance **IAW** subparagraph 110903A.1.b, the unobligated balance is exceeded at the ADA level of responsibility, report a potential ADA violation and initiate a preliminary investigation **IAW** Volume 14.

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

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 in-transit disbursement for which an obligation or obligation adjustment was established **IAW** paragraph 110905, 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 closed appropriation that previously was charged in error, process a memorandum recoupment reversing the erroneous charge to the closed appropriation. Adjust the records of the closed 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 closure of the appropriation), record a memorandum recoupment to offset the disbursement and record an upward adjustment to increase the unliquidated obligation balance of the closed appropriation.

b. If the recoupment applies to a UMD, NULO, or in-transit disbursement for which the unobligated balance of the closed appropriation was reduced [IAW](#) paragraph 110905, record the memorandum recoupment as an offset to the previous decrease in the unobligated balance and record an upward adjustment to increase the unobligated balance of the closed appropriation.

110904. Correction of Disbursement – Closed Appropriation (After Closure)

This paragraph describes corrections of prior disbursements or posting errors when the correct obligation has been identified and the appropriation that should have been charged is a closed appropriation and the disbursement occurred after closure of the correct chargeable appropriation.

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

1. When corrections involve disbursements that occurred after the closure of the correct appropriation, ensure that a correction is made to the funding appropriation in addition to the closed appropriation.

2. For example: To correct a disbursement that was charged erroneously to an appropriation that was expired at the time of the disbursement and should have been charged to an appropriation that was closed at the time of the disbursement, reduce the balance of the correct closed appropriation, and charge the funding appropriation that was current at the time of the disbursement.

B. Charge the Correct Funding Account. To correct the funding appropriation that was current at the time of the original disbursement and available for the same purpose as the closed appropriation (that otherwise would have been charged except that it was closed), adjust the records of the funding appropriation by taking the following action:

1. Establish an obligation in the funding 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 ADA violation and initiate a preliminary investigation [IAW](#) Volume 14.

C. Memorandum Charge to the Closed Account. To reflect the charge properly to the closed appropriation that should have been charged initially except that it was closed, process a memorandum charge to the closed appropriation.

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

a. If the correct detail obligation was recorded in the closed appropriation (prior to the closure of the appropriation), match the prior charge (disbursement) to the appropriate prior obligation in the closed appropriation and reduce the unliquidated balance of the closed appropriation. (There **is** no change in the unobligated balance of the closed appropriation.)

b. If the correct detail obligation was not recorded in the closed appropriation (before the closure of the appropriation), or otherwise has not been identified, make a memorandum record of the disbursement and reduce the unobligated balance of the closed appropriation. (There **is** no change in the unliquidated obligation balance of the closed appropriation.)

2. If the adjustment would exceed the unexpended balance or the unobligated balance of the closed appropriation, or any administrative subdivision thereof, report a potential ADA violation and initiate a preliminary investigation [IAW](#) Volume 14.

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

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 in-transit disbursement for which an obligation or obligation adjustment was established [IAW](#) paragraph 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 closed appropriation that was previously charged in error, process a recoupment reversing the erroneous charge to the closed appropriation. Adjust the records of the closed 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 closure of the appropriation), record a memorandum recoupment offsetting the disbursement and increase the unliquidated obligation balance of the closed appropriation.

b. If the recoupment applies to a UMD, NULO, or in-transit disbursement for which the unobligated balance of the closed appropriation was reduced IAW paragraph 110905, record the memorandum recoupment as an offset to the previous decrease in the unobligated balance and increase the unobligated balance of the closed appropriation.

110905. Posting Requirements – Unidentified Obligation

This paragraph describes the posting requirements when the correct obligation has not been identified within the specified timeframes (paragraphs 110501, 111401.B, 111404, and 111405). 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.

A. Transactions in Closed Accounts

1. Unmatched Disbursements

a. Charge the closed 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 using the summary method to charge the closed appropriation, the supporting summary memorandum for the unobligated balance adjustment must be substantiated by detail transaction listings of each UMD that comprises the summary total amount.

(2) If using the detail-level to charge the closed appropriation, each UMD being cleared must record a memorandum for the unobligated balance adjustment in the accounting record.

b. Increase the unliquidated obligation balance of the closed appropriation by memorandum entry.

c. If, upon reducing the unobligated balance, the unobligated balance is exceeded at the level of ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

2. Negative Unliquidated Obligations

a. Charge the closed 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 using the summary method to charge the closed appropriation, the supporting summary memorandum for unobligated balance adjustment must be substantiated by detail transaction listings of each NULO that comprises the summary total amount.

(2) If using the detail-level to charge the closed appropriation, each NULO being cleared must record a memorandum for the unobligated balance adjustment in the accounting record.

b. Increase the unliquidated obligation balance of the closed appropriation by memorandum entry.

c. If, upon reducing the unobligated balance, the unobligated balance is exceeded at the level of ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

3. In-Transit Disbursements

a. The unobligated balance of the cited closed appropriation must be reduced for overaged in-transit disbursements. Overaged in-transit disbursements must be charged in the same manner as UMDs as provided for in subparagraph 110905A.1.

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

B. Transactions in Current and Expired Accounts

1. Unmatched Disbursements

a. The fund holders must charge the current or expired appropriation in which the UMD(s) 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 substantiated by detail transaction listings of each UMD making up the summary amount.

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

b. Increase the unliquidated obligation balance of the current or expired appropriation.

c. If, upon the fund holders recording the obligation, the obligated balance exceeds the funds available at the level of ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

2. Negative Unliquidated Obligations

a. The fund holders must 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 using the summary obligation method to adjust the NULO, the summary obligation balance adjustment must be substantiated by detail transaction listings of each NULO that total summary amount.

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

b. 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 ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

3. In-Transit Disbursements

a. Obligations must be established by September 30 for all in-transit disbursement transactions in appropriations scheduled to close at the end of the current fiscal year. Obligations for unresolved in-transit disbursement transactions must be recorded in the same manner as UMDs as provided for in subparagraph 110905A.1.

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

C. Continue Research Efforts. The requirement to establish obligations for unresolved overaged UMDs, NULOs, and in-transit disbursements may not eliminate the need to complete the research and post the disbursement to the correct obligation. If continued research is required of the fund holder, research efforts must be continued until approval to discontinue research is obtained IAW section 1108.

110906. Posting Requirements – Discontinued Research Approved

This paragraph describes posting requirements when required research is unsuccessful and discontinuance of further research is approved. The requirements addressed in paragraphs 110906.A – B must be applied when the actions in section 1107 have been completed and a request to discontinue further research has been submitted and approved IAW section 1108.

A. Approval Before the Expiration of the Specified Timeframes. If approval to discontinue further research occurs before the expiration of the timeframes specified in paragraphs 110501, 111401.B, 111404, and 111405; and amounts have not been obligated IAW the provisions of those paragraphs; obligations must be established by the fund holder IAW the provisions of those paragraphs for valid obligations incurred during the period of availability.

B. Approval After the Expiration of the Specified Timeframes. If approval to discontinue further research occurs after the expiration of the timeframes specified in paragraphs 110501, 111401.B, 111404, and 111405; and amounts have been obligated IAW the provisions of those paragraphs, no further obligation action is required.

1110 CORRECTION/POSTING DISBURSEMENTS – WORKING CAPITAL FUNDS

111001. General Requirements

Corrections and postings of disbursements in the Working Capital Funds (WCF) 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. Posting Requirements – Identified Obligation

Depending on the accounting system and access controls, fund holders may have to establish and adjust obligations. This paragraph describes 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.

1. Budgetary Account Adjustments

a. If a disbursement exceeds a prior obligation (i.e., created a NULO), an adjustment to the prior obligation is required. Therefore, increase the obligation previously recorded. Once a NULO is created, the Component is responsible for compliance with subparagraph 111003.A.2

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 correct proprietary account and adjustment(s) amount is known, 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 **must** be adjusted to charge the correct proprietary account properly in the correct amount, make the required proprietary account adjustment(s).

d. If the provisions of subparagraphs 111002.A.2.a – c are not applicable, 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, as applicable. This extraordinary loss **must** 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 is made, irrespective of when the disbursement occurred.

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 and one of the proprietary account adjustments addressed in subparagraph 111002.B.2:

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 in-transit disbursement for which an obligation or obligation adjustment was established **IAW** paragraph 111003, 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 correct proprietary account and adjustment amount is known, 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 **in error** and now **must** be adjusted to relieve the **erroneous** charge, make the required proprietary account adjustment(s).

d. If the provisions of subparagraphs 111002.B.2.a – c are not applicable, 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, as applicable. This extraordinary gain **must** 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, irrespective of when the disbursement occurred.

111003. Posting Requirements – Unidentified Obligation

Depending on the accounting system and access controls, fund holders may have to **establish and adjust obligations**. This paragraph describes posting requirements when the correct obligation has not been identified within the timeframes specified in paragraphs 110501, 111401.B, 111404, and 111405. Obligations or adjustments to obligations, as well as expenses, are to be established for disbursements that have not been matched to the correct obligation. These obligations or obligation adjustments and expenses are to be processed and recorded consistent with the requirements provided for in subparagraphs 111003.A.1.3.

A. Budget Account Adjustment

1. Unmatched Disbursements

a. UMDs must be obligated and expensed against the WCF 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 **using** the summary obligation method **to adjust the UMD**, the summary obligation **balance adjustment** must be substantiated by detail transaction listings of each UMD **combined in total that equal** the summary amount.

(2) If posted at the document (**detail**) level, record an 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 ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

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

2. Negative Unliquidated Obligations

a. NULOs must be obligated and expensed against the WCF 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 **using** the summary obligation method **to adjust the NULO**, the summary obligation **balance adjustment** must be substantiated by detail transaction listings of each NULO **that total the** summary amount.

(2) If posted at the document (**detail**) level, increase the amount of the previously recorded obligation that the NULO matches by recording an 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 ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

d. Record an extraordinary loss in the proprietary accounts in an amount equal to the amount of the NULO. This extraordinary loss **must** 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, irrespective of when the disbursement occurred.

3. In-Transit Disbursements

a. In-transit disbursements must be obligated and expensed against the WCF activity in which the transaction resides. If an activity is not identified in the transaction record, the DoD Component involved must designate a specific activity.

b. In-transit disbursements must be charged in the same manner as UMDs. Charge the activity in which the in-transit disbursements reside by establishing a formal obligation.

c. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available at the level of ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

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

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 – 3, as applicable. This extraordinary gain **must** 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 – 3, irrespective of when the disbursement occurred.

C. Continue Research Efforts. The requirement to obligate and expense UMD, NULOs, and in-transit disbursements that remain unmatched at the end of the timeframes specified in paragraphs 110501, 111401.B, 111404 and 111405 may not eliminate the need to complete the research and post the disbursement to the correct obligation. If continued research is required of the fund holder, then research efforts must be continued until approval to discontinue research is obtained IAW the requirements in section 1108.

111004. Posting Requirements – Discontinued Research Approved

Depending on the accounting system and access controls, fund holders may have to establish and adjust obligations. This paragraph describes posting requirements when required research is unsuccessful and discontinuance of further research is approved. The requirements addressed in paragraphs 111004.A and B must be applied when the actions in section 1107 have been completed and a request to discontinue further research has been submitted and approved IAW section 1108.

A. Approval Before the Expiration of the Specified Timeframes. If approval to discontinue further research occurs before the expiration of the timeframes specified in paragraphs 110501, 111401.B, 111404, and 111405 and amounts have not been obligated and expensed IAW the provisions of those paragraphs, obligations and expenses must be established IAW the provisions of those paragraphs.

B. Approval After the Expiration of the Specified Timeframes. If approval to discontinue further research occurs after the expiration of the timeframes specified in paragraphs 110501, 111401.B., 111404, and 111405, and amounts have been obligated and expensed IAW the provisions of those paragraphs, no further obligation or expense action is required.

1111 CORRECTION/POSTING DISBURSEMENTS – FOREIGN MILITARY SALES TRUST FUND

111101. General Requirements

Corrections and postings of disbursements in the Foreign Military Sales (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 requirements 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 the accounting office has not been able to resolve the transactions within the timeframes specified in paragraph 110501 after discovery of the UMD or NULO condition, the transactions must be forwarded to the fund holder for resolution. For FMS, both the Defense Security Cooperation Agency (DSCA) and the fund holder must be involved in the resolution. Notify the fund holder that he or she must fund the transaction if the transaction is not properly matched within the specified timeframes. If required, prepare a draft case modification for DSCA countersignature.

B. Due to FMS case management requirements, disbursements and disbursement adjustments involving FMS funds must be coordinated with DFAS. DFAS will establish notification and approval procedures.

111103. Posting Requirements – Identified Obligation

This paragraph describes 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 (i.e., [resulting in a NULO](#)), an adjustment to the prior obligation is required. Therefore, increase the obligation previously recorded and match the disbursement to the adjusted obligation. [Once a NULO is created, the Component is responsible for compliance with subparagraph 111103.A.2.](#)

2. If a disbursement was made for which an obligation was not recorded previously, correction action must be taken in order to record the obligation or obligation adjustment to match the disbursement.

3. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available at the level of ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

B. To correct an improper charge that was previously 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 previous UMD, NULO, or in-transit disbursement for which an obligation or obligation adjustment was established IAW paragraph 111104, record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

111104. Posting Requirements – Unidentified Obligation

This paragraph describes posting requirements when the correct obligation has not been identified within the timeframes specified in paragraphs 110501, 111401.B, 111404, and 111405. Obligations or obligation adjustments must be established for disbursements that have not been matched to the correct obligation and processed and recorded consistent with the procedures provided for in subparagraphs 111104.A – D.

A. Unmatched Disbursements

1. UMDs 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 must be assigned to the FMS administrative surcharge account.)

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

a. If using the summary obligation method to adjust the UMD, the summary obligation balance adjustment must be substantiated by detail transaction listings of each UMD combined in total that equal the summary amount.

b. If posted at the document (detail) level, record an 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 ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

B. Negative Unliquidated Obligations

1. NULOs 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 using the summary method to charge the appropriation, the supporting summary memorandum for unobligated balance adjustment must be substantiated by detail transaction listings of each NULO that comprises the summary total amount.

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

3. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

C. In-Transit Disbursements

1. In-transit disbursements 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 must be assigned to the FMS administrative surcharge account.

2. In-transit disbursements must be charged in the same manner as UMDs. Charge the FMS case or FMS surcharge account in which the in-transit disbursements reside by establishing a formal obligation.

3. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of ADA violation responsibility, report a potential ADA violation and initiate a preliminary investigation IAW Volume 14.

D. Continue Research Efforts. The requirement to obligate and expense UMD, NULOs, and disbursements in-transit that remain unmatched at the end of the specified timeframes specified may not eliminate the need to complete the research and post the disbursement to the correct obligation. If continued research is required of the fund holder, research efforts must be continued until approval to discontinue research is obtained IAW the procedures in section 1108.

111105. Posting Requirements – Discontinued Research Approved

This paragraph describes posting requirements when required research is unsuccessful and discontinuance of further research is approved. The requirements addressed in paragraphs 111105.A and B must be applied when the actions in section 1107 have been completed and a request to discontinue further research has been submitted and approved IAW section 1108.

A. Approval Before the Expiration of the Specified Timeframes. If approval to discontinue further research occurs before the expiration of the timeframes discussed in paragraph 111104 and amounts have not been obligated and expensed IAW the provisions of that paragraph, obligations must be established IAW these provisions.

B. Approval After the Expiration of the Specified Timeframes. If approval to discontinue further research occurs after the expiration of the timeframes discussed in paragraph 111104 and amounts have been obligated and expensed IAW the provisions of that paragraph, no further obligation or expense action is required.

1112 CORRECTIONS OF DISBURSEMENTS – MULTIPLE FUND TYPES

When correcting disbursement transactions that were erroneously charged to one fund type (e.g., appropriated fund) that should have been charged to another fund type (e.g., WCF or trust fund), apply the requirements for each fund type involved. For example, for a disbursement that was charged erroneously to an appropriated fund that should have been charged to a WCF, the recoupment to the appropriated fund **must** be processed IAW the applicable recoupment paragraph in section 1109, while the charge to the WCF should be processed IAW the applicable paragraph in section 1110.

1113 CORRECTIONS REQUIRING NEW DISBURSEMENTS OR COLLECTIONS

111301. General Requirements

When the correction requires a new disbursement or collection, process the corrective action IAW sections, 1109, 1110, 1111, or 1112, as applicable. **If disbursement or collection does not involve a closed appropriation, process IAW the provisions of paragraph 111302. If the disbursement or collection involves a closed appropriation, process IAW paragraph 111303.**

111302. Current/Expired Appropriation or Working Capital/Trust Fund

For disbursements or collections that are chargeable to a current or expired appropriation, WCF, or trust fund:

A. Disbursement. When a new cash disbursement involves a current or expired appropriation, WCF, or trust fund, and a closed appropriation is not involved, process and record the disbursement IAW existing requirements for new disbursements for such accounts.

B. Collection. When a new cash collection involves a current or expired appropriation, WCF, or trust fund, and a closed account is not involved, process and record the collection [IAW](#) existing requirements for collections for such accounts.

111303. Closed Appropriation

For disbursements or collections that are properly chargeable to a closed appropriation (except that the appropriation is closed):

A. Disbursement. When a new disbursement involves an amount that otherwise is properly chargeable to a closed appropriation except that the appropriation is closed, comply with the provisions of the closing accounts legislation (summarized in subparagraphs 110402.E – F).

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 closed appropriation. If the obligation causes the cumulative one percent limit (identified in subparagraph 110402.F) to be exceeded, no disbursement can be made. The office funding the proposed payment (contract) must contact the [appropriate](#) Military Department Assistant Secretary (FM&C) or the Defense Agency Comptroller for referral to OUSD(C), [P/B](#) for appropriate disposition.

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

a. Reduce the unliquidated balance of the closed appropriation if the correct detail obligation was recorded in the closed appropriation prior to the closure of the appropriation. (There [is](#) no change in the unobligated balance of the closed appropriation.) Match the current charge (disbursement) to the appropriate prior obligation in the closed appropriation.

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

3. The disbursement must not be issued if the adjustment required by subparagraphs 111303.A.2.a or b, would exceed the unexpended balance of the closed appropriation, or if reducing the unobligated balance [IAW](#) the provisions of subparagraph 111303.A.2.b, would result in a negative unobligated balance at the appropriation level.

4. If the disbursement is made, a potential ADA violation must be reported and a preliminary investigation initiated if the adjustments required by subparagraphs 111303.A.2.a or b (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 ADA violation responsibility.

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

1. Deposit the collection to the Treasury miscellaneous receipt account.

2. Increase the unobligated or unliquidated balance of the closed appropriation, as appropriate, to reflect each refund or collection deposited into the Treasury account. Adjust the records of the closed 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 closure of the appropriation, record a memorandum collection offsetting the receivable and increase the unobligated balance of the closed appropriation.

b. If the collection applies to a disbursement that was not established as an account receivable prior to the closure of the appropriation, [comply with the provisions of subparagraph 111303.B.](#)

1114 PROCESSING IN-TRANSIT DISBURSEMENTS

111401. General Requirements

This paragraph addresses all in-transit disbursement transactions including interfund transactions and disbursements originating outside the Department.

A. All disbursements must be recorded and matched to their corresponding obligation records as promptly as current systems and business practices permit. Nevertheless, at any given time, a percentage of the Department's disbursements may be in-transit from the disbursing office or entitlement activity to the applicable accounting office. Disbursements are considered in-transit disbursements when they have been reported by the disbursing office, through a paying center to Treasury and charged against the Department's fund balances but:

1. Have not yet been received by the applicable accounting office;
2. Have been received by the applicable accounting office but not yet entered into the accounting office's database; or
3. It has been determined that there is insufficient information to process.

B. The following timeframes are applicable for processing and obligating in-transit disbursement transactions:

1. In-transit disbursements must be processed and resolved IAW paragraphs 111404 – 111406.

2. Obligations must be established and recorded for all unresolved in-transit disbursement transactions no later than September 30 of the year that the cited appropriation is scheduled to be closed, regardless of the age of the transaction.

3. In-transit disbursement transactions that cite closed accounts must be processed IAW paragraphs 111404 – 111406. However, obligations for all such in-transit disbursements must be established and recorded no later than September 30 each year (notwithstanding the applicability of the requirements in subparagraph 111401.B.1).

C. In-transit disbursements must be properly certified. A thorough certification process helps to reduce disbursements with invalid accounting lines and result in fewer unresolved in-transit disbursements. Additionally, certification requirements should help to prevent erroneous payments. Responsibilities for obligating and reporting erroneous payments are delineated in Volume 5, Chapter 6.

D. Reject procedures described in paragraphs 111404 and 111405 apply to all transactions except the following:

1. Transactions originating outside the DoD.

2. Suspected fraudulent transactions must be reported immediately to the Defense Criminal Investigative Service.

E. All transactions related to travel advances and settlements, pay entitlements, and FMS must be rejected IAW paragraphs 111404 and 111405.

111402. Reasons In-Transits Occur

A. In-transit disbursements generally occur when a disbursing office or entitlement activity and the applicable accounting office do not share the same accounting record database. As a result, the disbursing office or entitlement activity must transmit disbursement transactions and supporting information to the appropriate accounting office. Supporting information may be electronic or hardcopy.

B. An unresolved in-transit disbursement occurs when a disbursement is not matched to the correct obligation because either: (1) it cannot be or has not been routed to the correct accounting office, or (2) the accounting office does not have sufficient information to process the in-transit disbursement.

C. Once the applicable accounting office has received, and has sufficient information to allow it to attempt to match the disbursement with an existing obligation in its database, the disbursement is no longer considered to be an in-transit disbursement. Rather, the disbursement is treated as a matched disbursement, a UMD (when an obligation record is not

found), or a NULO (when an obligation record exists but the disbursement amount exceeds the amount of the recorded obligation). When UMDs and NULOs result, manual intervention must be taken to research, obligate, and record the disbursement IAW sections 1104 through 1107.

D. Processing an in-transit disbursement transaction may involve the interaction of an entitlement activity, a disbursing office, a paying center, an accounting center, or an accounting office. The primary responsibilities of these activities are found in paragraph 110201.

E. Accounting and disbursing activities are responsible for monitoring in-transit disbursement activity and ensuring compliance with established in-transit policies. Specifically, accounting and disbursing activities must monitor and provide oversight to ensure that in-transit disbursements are processed and obligated in a timely manner consistent with approved policies.

111403. Required Documentation

A. The applicable disbursing office or entitlement activity must use either electronic or hard copy-based processes to provide detailed supporting documentation (supplemental information) to the applicable paying center, accounting center, or accounting office. If adequate detailed accounting data is transmitted electronically, it is not necessary to forward paper copies unless specifically requested for a particular transaction.

B. The applicable disbursing office or entitlement activity must ensure that each in-transit disbursement transaction is supported by documentation that identifies the disbursing office and/or entitlement activity, cycle number, voucher number, appropriation/fiscal year, [sub-allocation holder identifier](#), amount, accounting office code, obligation document number, and other information that identifies the obligation, as applicable.

1. An in-transit disbursement must be rejected to the disbursing office (or applicable center) immediately if the documentation/information in support of the in-transit disbursement:

a. Identifies a departmental code or basic symbol of a Component not serviced by the applicable center.

b. Identifies funds (e.g., an allotment serial number) not serviced by the accounting office.

c. Reveals that an in-transit disbursement is fraudulent. (Additionally, the Defense Criminal Investigative Service must be notified immediately.)

2. Requests for additional documentation/information must be made when one or more of the following conditions exist:

a. Detailed data (electronic or otherwise) is illegible or garbled, out-of-balance, or lacks sufficient detail to process.

b. Hard copy or electronically transmitted detailed data contains an invalid accounting citation.

c. The transaction amount on the automated cross-disbursement register does not agree with the amount on the voucher and/or supporting documentation.

d. The amount of summary charges reported to Treasury does not equal the detail reported by the paying offices.

3. Generally, requests for additional supporting documentation must be made to enable the proper matching of obligations and disbursements and must be limited to the requirements delineated in subparagraph 111403.B.

4. Requests for supporting documentation/information must be dated and made in writing (or other documented form of communication).

5. Disbursing offices or entitlement activities and accounting offices must communicate with and transmit supporting documentation directly to each other to minimize in-transit disbursement resolution and processing time.

111404. Processing Cross-Disbursed In-transit Disbursements

Generally, a cross-disbursed in-transit disbursement transaction involves: (1) a disbursing office or entitlement activity, (2) a paying center, (3) an accounting center, and (4) an accounting office. Although paying and accounting centers monitor disbursement activity transmitted by entitlement activities and recorded by applicable accounting offices, disbursing offices or entitlement activities and accounting offices must communicate with and transmit supporting documentation (or supplemental information for electronic transmittals) directly to each other to minimize in-transit disbursement processing time.

A. If an accounting office cannot establish its accountability for the disbursement, the in-transit disbursement must immediately be rejected back to the accounting center

B. If an accounting office determines that there is sufficient information to properly record a disbursement, the accounting office must match the disbursement with its corresponding obligation and record the disbursement. However, the following conditions may occur:

1. If the applicable obligation is not in the accounting database, the disbursement must be recorded as a UMD. The UMD must be resolved **IAW** sections 1104 through 1107.

2. If the applicable obligation is in the accounting database, but the amount of the disbursement exceeds the amount of the recorded obligation, the disbursement must be recorded as a NULO. The NULO must be resolved IAW sections 1104 through 1107.

C. If the accounting office determines that there is not sufficient supporting documentation to allow the disbursement to be matched to an obligation, the accounting office must request supporting documentation.

1. Immediately upon receipt (electronic or otherwise) of sufficient documentation from the disbursing office or entitlement activity, the applicable accounting office must attempt to match the disbursement with its corresponding obligation and record the disbursement.

2. If supporting documentation is not received within 5 days after the request, the accounting office must reject the in-transit disbursement. Transactions must be recorded as a UMD and researched.

3. Contact the correct accounting center (or the responsible DO if applicable). Forward the disbursement to that office, and document the action. Upon making a determination that accountability for a disbursement transaction belongs to another accounting office or that supporting documentation will not be provided, an accounting office must reject the disbursement transaction to its accounting center.

111405. Additional Responsibilities for Resolving In-transit Disbursements

A. Ultimately, in-transit disbursements must be matched to an obligation by an accounting office or declared an erroneous payment by a disbursing office. IAW paragraphs 111404 and 111405, an in-transit disbursement transaction with supporting documentation must be transmitted to an accounting office as efficiently as feasible for recordation.

B. The following responsibilities apply for all in-transit disbursements:

1. Once an accounting office has sufficient supporting documentation (hard copy or electronic) to allow it to match an in-transit disbursement with an obligation, it must process the in-transit disbursement and treat it as a matched disbursement, UMD, or NULO. All UMDs and NULOs must be researched and obligated IAW sections 1103 through 1107.

2. If a disbursement is matched to a specific obligation, appropriation, funds holder or DoD Component; the accounting office, paying center, accounting center, disbursing office, or entitlement activity involved must work with the applicable office, center, funds holder and/or DoD Component to transfer the charge to the appropriate funds holder, appropriation manager or DoD Component (notwithstanding the actions required by subparagraph 111405.B.1). Any resulting UMD or NULO must be researched and obligated IAW sections 1103 through 1107.

C. DFAS Headquarters must monitor and maintain reports on all unprocessed in-transit disbursements, undistributed in-transit disbursements, or any other in-transit disbursements. Such reports must identify the applicable disbursing office, paying center, accounting center and accounting office, the amount, as well as appropriate corrective actions being taken. DFAS Headquarters also must ensure that in-transit disbursements are processed, resolved, obligated, or reported as erroneous payments *IAW* applicable provisions and within the applicable timeframes specified in this chapter.

1115 REPORTING REQUIREMENTS

111501. Data Collection Requirements

DFAS is responsible for collecting and consolidating data and reporting on the amounts and the status of UMDs, NULOs, and in-transit disbursements.

111502. Monthly Reporting Requirements

The DoD Component accounting offices must transmit a status report identifying all disbursement transactions that have not been matched to an obligation to DFAS Headquarters on a monthly basis. DFAS will specify the format and detail reporting requirements.

1116 RECORD RETENTION

DoD Components, and supporting accounting offices, must 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 in-transit disbursements. This includes, but is not limited to determinations that selected transactions meet the criteria for discontinuing further research, and detail and summary records of adjustments made *IAW* this chapter. Components must maintain these records to ensure an adequate audit trail and to respond to inquiries from organizations internal and external to the Department. See Volume 1, Chapter 9 for DoD policy on record retention.