

★ CHAPTER 11

★ CASH, UNMATCHED DISBURSEMENTS,
NEGATIVE UNLIQUIDATED OBLIGATIONS, AND IN-TRANSIT DISBURSEMENTS1101 GENERAL

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

1102 DEFINITIONS

110201. Canceled Appropriation. An appropriation that has been canceled in accordance with the provisions of Public Law 101-510. This term also applies to appropriations that otherwise would have been canceled, but have not been closed by the Treasury Department because the appropriation has a negative balance.

110202. Chargeable Account. The appropriation (Department Code, Fiscal Year, and Appropriation symbol) contained in the line of accounting cited on the obligation document that is the basis for a particular payment.

110203. Currently Available Appropriation. An appropriation or fund against which new obligations may be incurred and recorded (as contrasted with an expired or canceled appropriation against which new obligations may not be incurred).

110204. Disbursement In-Transit. A disbursement transaction that has been transmitted by a disbursing office to an accounting office, but has not yet been received by the accounting office.

110205. Disbursement in Suspense Account. A disbursement transaction that (1) has been reported to the Treasury Department, (2) has not been identified to a specific fund holder or (3) is placed in a suspense account while research efforts are underway.

110206. Disbursement Not Sent. A disbursement transaction that has been reported to the Treasury Department by a disbursing office, but has not yet been transmitted to the accounting office.

110207. Expired Appropriation. An appropriation or fund that is not available for new obligation, but is available for disbursements, collections, and obligation adjustments as it has not yet been canceled.

110208. Fund Holder. An individual holding an administrative subdivision of funds or an operating target, who is responsible for incurring obligations against the administrative subdivision or target and for managing the use of such funds.

110209. Funding Account. The appropriation (Department Code, Fiscal Year, and Appropriation symbol) contained in the line of accounting cited on the obligation document provided to fund a disbursement that otherwise would have been chargeable to a canceled appropriation.

★ 110210. In-transit Disbursement. Disbursements that have been reported by a DO, through a paying center, to the Department of the Treasury and charged against the Department's fund balances, but have not yet been received or processed by the applicable accounting station for recordation against the applicable corresponding obligation. This includes interservice, intraservice and interfund disbursement transactions. This definition includes disbursements originating outside the Department of Defense.

110211. Negative Unobligated Balance. An appropriation or fund in which the amount of obligations exceeds the amount of obligational authority. (In canceled appropriations the available obligational authority is equal to the unobligated balance.)

110212. Negative Unliquidated Obligation (NULO). A disbursement transaction that has been matched to the cited detail obligation, but the total disbursement(s) exceeds the amount of that obligation.

110213. Overaged Disbursement In-Transit. A disbursement that is not matched to the correct obligation within 180 days after the first indication that the disbursement cannot be routed to the correct installation level accounting office.

110214. Unexpended Balance. The sum of the unobligated balance and the unliquidated obligation balance of an appropriation.

110215. Unliquidated Obligation Balance. The amount of obligations that have not been liquidated by payments (disbursements).

110216. Unmatched Disbursement (UMD). A disbursement transaction that has been received and accepted by an accounting office, but has not been matched to the correct detail obligation. This includes transactions that have been rejected back to the paying office or central disbursement clearing organization by an accounting office.

110217. Unobligated Balance. The difference between the total appropriation availability and the total obligations. (In canceled appropriations, the unobligated balance is determined by reducing the unobligated balance at the time of cancellation by obligations/obligation adjustments that otherwise are properly chargeable to the canceled appropriation except that it is canceled.)

1103 DISBURSEMENT POSTING POLICY

110301. It is the Department's policy that all disbursements must be posted promptly to the correct obligation in the official accounting records. In addition, transaction research and corrections are to begin as soon as it is apparent that a disbursement transaction has resulted in a NULO, a UMD, a disbursement not sent, a disbursement in a suspense account or a disbursement in-transit.

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

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

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

1104 TREATMENT OF OVERAGED NEGATIVE UNLIQUIDATED OBLIGATIONS AND UNMATCHED DISBURSEMENTS110401. Current and Expired Accounts

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

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

C. If the overaged NULOs and UMDs requiring obligation equal or exceed the unobligated balance of an account, the appropriation manager shall ensure that further obligations are not incurred until there is an unobligated balance, over and above any unobligated, overaged NULOs and UMDs. One possible method for achieving this control is to

withdraw any unobligated balances below the appropriation level and obligate such amounts at the appropriation level to cover the overaged NULOs and UMDs. Once problem disbursements have been resolved to the point there is an unobligated balance over and above the amount obligated to cover all overaged NULOs and UMDs, the remaining unobligated balance then could be redistributed.

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

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

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

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

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

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

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

C. If the account is not returned to a positive balance within 6 months of the scheduled date of cancellation of the appropriation, the DoD Component

involved shall report a potential violation of the Antideficiency Act and initiate an investigation in accordance with Volume 14 of this Regulation.

D. Each administrative subdivision of an appropriation carries with it the responsibility for any potential or actual violation of the Antideficiency Act that might be incurred. A DoD Component has the right to modify the number or level of administrative subdivisions within an appropriation before the cancellation of an appropriation. However, once an appropriation cancels, no further modification or change may be made in the number or level of administrative subdivisions.

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

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

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

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

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

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

J. A potential violation of the Antideficiency Act shall be reported and a preliminary review of an Antideficiency Act violation initiated if posting an adjustment to a current, expired or canceled appropriation would result in either (1) a negative unobligated

balance or (2) disbursements that are in excess of the amount appropriated, at either the appropriation level or a portion thereof that has been subdivided for Antideficiency Act purposes.

K. Perpetual balances of unobligated amounts, and unliquidated amounts, shall be maintained for each canceled appropriation. Should the unobligated balance in a canceled appropriation be negative, or should the unexpended balance be negative, then a potential violation of the Antideficiency Act would have occurred, and must be reported and investigated.

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

110403. Expenditure Controls

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

1105 RESPONSIBILITIES FOR FUNDING OVERAGED NEGATIVE UNLIQUIDATED OBLIGATIONS AND UNMATCHED DISBURSEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Record such corrections within 30 days of receipt.

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

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

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

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

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

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

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

2. Notify the OUSD(C), through appropriate funding channels, when an apparent/potential violation of the Antideficiency Act has occurred.

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

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

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

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

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

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

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

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

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

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

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

1106 PRIORITIES

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

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

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

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

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

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

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

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

1107 MINIMUM RESEARCH EFFORTS REQUIRED FOR OVERAGED NEGATIVE UNLIQUIDATED OBLIGATIONS AND UNMATCHED DISBURSEMENTS

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

110702. Contracts

A. Accounting Office Actions

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

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

B. Disbursing Office Actions

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

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

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

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

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

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

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

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

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

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

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

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

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

110705. MILSTRIP Requisitions. The accounting office shall:

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

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

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

110706. Unidentified Document Numbers. The accounting office shall:

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

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

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

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

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

110707. Other Transactions

A. Accounting Office Actions

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

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

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

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

B. Funding Office Actions

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

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

1108 REQUESTS TO DISCONTINUE UNSUCCESSFUL RESEARCH EFFORTS FOR OVERAGED NEGATIVE UNLIQUIDATED OBLIGATIONS AND UNMATCHED DISBURSEMENTS

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

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

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

B. For contracts closed by DFAS:

1. A preclosing payment review has been completed.
2. Unmatched disbursement(s) or negative unliquidated obligation conditions, which cannot be resolved, will not exceed the contract total if recorded.

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

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

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

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

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

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

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

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

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

- d. Sufficient actions were taken during the research efforts to provide reasonable assurance that no duplicate payments or other overpayments remain

outstanding and no fraud has occurred involving the disbursement transactions for which research efforts are requested to be discontinued.

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

1109 CORRECTIONS AND POSTINGS OF PRIOR DISBURSEMENTS INVOLVING APPROPRIATED FUNDS

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

110902. Corrections of Prior Disbursements or Posting Errors when the Correct Obligation has been Identified and the Appropriation that should have been 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 (that is, if it has created a NULO), an adjustment to the prior obligation is required; therefore, increase the amount of obligation previously recorded to eliminate the negative unliquidated obligation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Charge the Correct Funding Account. To reflect the charge properly to the correct funding appropriation--that was current at the time of the original disbursement and available for the same purpose as the chargeable canceled appropriation that otherwise would have been charged except that it was canceled--adjust the records of the funding appropriation by taking the following action:

1. Establish an obligation in the correct 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 violation of the Antideficiency Act and initiate a preliminary review.

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Transactions in Canceled Accounts

1. Unmatched Disbursements

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

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

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

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

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

2. Negative Unliquidated Obligations

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

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

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

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

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

3. Disbursements In-Transit

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

b. If a disbursement transaction identifies a specific funds holder, that funds 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 funds holder was not identified in the transaction record, the appropriation manager shall designate a specific funds holder to take those actions required in subparagraph 110905A.1., above.

B. Transactions in Current and Expired Accounts

1. Unmatched Disbursements

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

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

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

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

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

2. Negative Unliquidated Obligations

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

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

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

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

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

3. Disbursements In-Transit

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

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

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

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

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

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

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

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

1110 CORRECTIONS AND POSTINGS OF DISBURSEMENTS INVOLVING THE WORKING CAPITAL FUNDS

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

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

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

1. Budgetary Account Adjustments

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

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

2. Proprietary Account Adjustments

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

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

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

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

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

1. Budget Account Adjustments

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

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

2. Proprietary Account Adjustments

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

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

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

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

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

A. Budget Account Adjustment

1. Unmatched Disbursements

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

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

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

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

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

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

2. Negative Unliquidated Obligations

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

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

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

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

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

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

3. Disbursements In-Transit

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

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

c. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of Antideficiency Act violation

responsibility, report a potential violation of the Antideficiency Act and initiate a preliminary investigation.

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

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

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

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

D. Reporting Requirements when the Correct Obligation has not been Identified within 180 Days. When obligations are established in accordance with the procedures addressed in subparagraphs 111003.A.1. through 3., above, the applicable transactions shall not be identified as closed out on monthly UMD and NULO status reports. Establishment of obligations for transactions addressed in subsection 111003 does not diminish or eliminate the need to match these transactions to the proper obligation. The DFAS will specify procedures for identifying these transactions and amounts on the monthly problem disbursements reports.

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

A. Approval Before the Expiration of the 180-Day Period. If approval to discontinue further research occurs before the expiration of the 180-day period discussed in subsection 111003, above, and amounts have not been obligated and expensed in accordance with the provisions of that section, obligations and expenses must be established in accordance with the provisions of that section. Additionally, such obligations must be reported in accordance with paragraph 111004.C., below.

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

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

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

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

111102. Special Notification Requirements

A. If, at the end of 120 days after discovery of the UMD or NULO condition, the DFAS or other accounting office has not been able to resolve the transactions, the transactions shall be forwarded to the fund holder for resolution. For FMS, both the Defense Security Assistance Agency (DSAA) and the fund holder are to be involved in the resolution. At this time, the fund holder should be notified that he or she must fund the transaction if the

transaction is not properly matched within 60 days. For FMS, a draft case modification, if required, is prepared for DSAA countersignature.

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

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

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

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

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

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

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

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

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

111104. Posting Procedures when the Correct Obligation has not been Identified within 180 Days. Except as provided for in paragraphs 110301.B. and 110501.H., obligations or obligation adjustments are to be established for disbursements that have not been matched to the correct obligation within 180 days. These obligations or adjustments are to be processed and recorded consistent with the procedures provided for in paragraphs 111104.A. through E., below:

A. Unmatched Disbursements

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

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

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

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

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

B. Negative Unliquidated Obligations

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

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

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

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

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

C. Disbursements In-Transit

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

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

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

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

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

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

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

E. Reporting Requirements When The Correct Obligation Has Not Been Identified Within 180 Days. When obligations are established in accordance with the procedures addressed in paragraphs 111104.A. through C., above, the applicable transactions shall not be identified as closed out on monthly UMD and NULO status reports. Establishment of obligations for transactions addressed in subsection 111104 does not diminish or eliminate the need to match these transactions to the proper obligation. The DFAS will provide detail procedures to be used in identifying these transactions and amounts on the monthly problem disbursements reports.

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

A. Approval Before the Expiration of the 180-Day Period. If approval to discontinue further research occurs before the expiration of the 180-day period discussed in subsection 111104, above, and amounts have not been obligated and expensed in accordance with the provisions of that section, obligations must be established in accordance with these provisions. Additionally, such obligations must be reported in accordance with paragraph 111105.C., below.

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

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

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

The procedures used to correct disbursement transactions erroneously charged to one fund type (e.g., appropriated fund) that should have been charged to another fund type (e.g., working capital or trust fund), require the application of procedures from each fund type involved. For example, for a disbursement that was charged erroneously to an appropriated fund that should have been charged to a working capital fund, the recoupment to the appropriated fund should be processed in accordance with the applicable recoupment paragraph in section 1109, while the charge to the working capital funds should be processed in accordance with the applicable paragraph in section 1110.

1113 CORRECTIONS REQUIRING NEW DISBURSEMENTS OR COLLECTIONS

111301. General. When the correction requires a new disbursement or collection, process the corrective action in accordance with sections, 1109, 1110, 1111, or 1112, as applicable. Additionally, process the new disbursement or collection in accordance with the

provisions of subsection 111302, below, if the disbursement or collection does not involve a canceled appropriation. Process the transaction in accordance subsection 111303, below, if the disbursement or collection does involve a canceled appropriation.

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

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

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

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

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

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

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

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

b. Make a memorandum record of the disbursement and reduce the unobligated balance of the canceled appropriation if the correct detail obligation was

not recorded in the canceled appropriation prior to the cancellation of the appropriation. (There should be no change in the unliquidated obligation balance of the canceled appropriation.)

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

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

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

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

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

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

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

★1114 POLICY AND PROCEDURES FOR PROCESSING AND OBLIGATING AMOUNTS FOR IN-TRANSIT DISBURSEMENTS

★ 111401. Policy

A. It is Department of Defense (DoD) policy that all disbursements shall be recorded, and matched, to their corresponding obligation records as promptly as current systems

and business practices reasonably permit. Nevertheless, at any given time, a percentage of the Department's disbursements may be in-transit from the disbursing office (DO) or entitlement activity to the applicable accounting station. Disbursements are considered in-transit disbursements when they have been reported by the DO, through a paying center, to the Department of the Treasury and charged against the Department's fund balances, but: (1) have not yet been received by the applicable accounting station, (2) have been received by the applicable accounting station but not yet processed against (attempted to be entered into) the accounting station's database, or (3) it has been determined that there is insufficient information to process. The policy guidance that follows specifically addresses in-transit disbursement transactions. This policy encompasses all in-transit disbursements, including interfund transactions and disbursements originating outside the DoD.

B. The following timeframes are applicable for processing and obligating in-transit disbursement transactions made on or after October 1, 2000:

1. In-transit disbursements shall be processed and resolved in accordance with subsections 111404 through 111406, below.

2. Notwithstanding the applicability of the requirements in paragraph 1, above, 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 transactions that cite closed accounts shall be processed in accordance with subsections 111404 through 111406, below. However, obligations for all such in-transit disbursements shall be established and recorded no later than September 30 each year.

C. Obligations for interfund transfers recorded in clearing account F3885, "Undistributed Intragovernmental Payments," shall be established and recorded within 6 months of the date of the disbursement.

D. In-transit disbursements recorded in the "Budget Clearing Account (Suspense)," F3875 shall be transferred to the proper appropriation no later than 60 days after the disbursement was recorded in account F3875.

E. In-transit disbursements must be properly certified. A thorough certification process helps to reduce disbursements with invalid accounting lines and, thus, should result in fewer unresolved in-transit disbursements. Additionally, thorough certification procedures should help to prevent erroneous payments. Responsibilities for obligating and reporting erroneous payments are delineated in Chapter 6, "Irregularities in Disbursing Officer Accounts," Volume 5 of the Department of Defense Financial Management Regulation.

F. Chargeback or reject procedures described in subsections 111404 and 111405, below, shall apply to all transactions except the following:

1. Transactions originating outside the DoD, and;
2. Transactions amounting to \$2,500 or less. (However, all transactions related to travel advances and settlements, pay entitlements, and Foreign Military Sales (FMS) shall be chargedback or rejected in accordance with subsections 111404 and 111405.)
3. Suspected fraudulent transactions immediately shall be reported to the Defense Criminal Investigative Service.

★ 111402. General

A. In-transit disbursements generally occur when a DO or entitlement activity and the applicable accounting station are not geographically collocated and do not share the same accounting record database. Because the DO or entitlement activity and the accounting station do not share the same database, the DO or entitlement activity transmits disbursement transactions and supporting information to the appropriate accounting station. 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 station, or (2) the accounting station does not have sufficient information to allow it to attempt to process the in-transit disbursement.

C. Once the applicable accounting station 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 to be 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 expeditiously taken to research, obligate and record the disbursement in accordance sections 1104 through 1107 of this chapter.

D. An unresolved in-transit disbursement falls within one of two basic categories (1) within-center disbursement or (2) cross-disbursement.

1. Within-center Disbursement. A “within-center” in-transit disbursement is created when a DO makes a payment for an accounting station that reports to the same Defense Finance and Accounting Service (DFAS) Center as the DO, but the accounting station and the DO do not share the same database. (An example of a within-center in-transit disbursement is when the Omaha Operating Location (OPLOC) DO disburses for a Dayton OPLOC accounting station. Both OPLOCs report to the DFAS-Denver Center; however, they do not share the same accounting database.)

2. Cross-Disbursement. A “cross-disbursement” is created when a DO makes a payment for an accounting station that reports to a DFAS center other than the center to which the DO reports. (An example of a cross-disbursement is when a DFAS-Cleveland DO makes a disbursement for a DFAS-Denver accounting station.) A cross-disbursement also is created when a non-DoD federal agency (such as the Department of State) makes a payment charged to a DoD account.

E. Depending on the type of in-transit disbursement (within-center disbursement or cross-disbursement), one or more of the following may be involved in processing an in-transit disbursement transaction: an entitlement activity, a DO, a paying center, an accounting center and an accounting station. The primary responsibilities of these activities for in-transit disbursements are:

1. 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 DO.

2. Disbursing Office. A DO is responsible for disbursing and collecting funds on behalf of one or more DoD Components as well as 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 DO. Disbursing Offices also are responsible for reporting disbursements and collections to a paying center (DFAS Centers at Cleveland, Denver, Indianapolis, Columbus or Kansas City) using a unique four-digit disbursing station symbol number (DSSN) assigned by the Department of the Treasury.

3. 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 the Department of the Treasury. For within-center disbursements, the paying center also is the accounting center and, consequently, maintains the status of funds for the appropriations cited on the disbursement transactions.

4. Accounting Center. An accounting center is responsible for receiving and processing status of funds reports from accounting stations supporting DoD Component fundholders. For cross-disbursements, an accounting center may distribute, to accounting stations, in-transit disbursements received from paying centers, and monitor the status of disbursement recordation. For within-center disbursements, the accounting center also acts as a paying center.

5. Accounting Station. An accounting station is responsible for maintaining accounting records of assigned fundholders. All accounting stations are assigned six-digit codes (sometimes referred to as fiscal station numbers, authorized accounting activities, or accounting and disbursing station numbers). All disbursement transactions eventually must be

distributed to an accounting station, recorded against a valid obligation, and reported on status of funds reports. All accounting stations within the Department report through the DFAS Centers at Cleveland, Columbus, Denver, Indianapolis or Kansas City.

F. The DFAS and other non-DFAS accounting and disbursing activities are responsible for monitoring in-transit disbursement activity and ensuring compliance with established in-transit policies. Specifically, the DFAS and other non-DFAS accounting and disbursing activities shall monitor and provide oversight to ensure that in-transit disbursements are processed and obligated in a timely manner consistent with approved policies. Additionally, the DFAS shall accumulate the dollar value of chargedback transactions and report on such amounts when requested.

G. Chargedback transactions shall be processed via a Standard Form (SF) 1081, "Voucher of Withdrawals and Credits," vouchered and reported through the Statement of Accountability/Statement of Transactions, and reported to the Department of the Treasury.

★ 111403. Required Documentation for In-transit Disbursements

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

B. The applicable DO or entitlement activity shall ensure that, as a minimum, each in-transit disbursement transaction is supported by documentation that identifies the paying office and/or entitlement activity, cycle number, voucher number, appropriation/fiscal year, limitation or subhead, amount, accounting station code, obligation document number, and other information that identifies the obligation, as applicable.

1. An in-transit disbursement immediately shall be rejected or chargedback to the DO (or applicable center) 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 station; or,

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

2. Requests for additional documentation/information shall 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; or,

c. The transaction amount of 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 the Department of the Treasury does not equal the detail reported by the paying offices.

3. Generally, request for additional supporting documentation shall be made to enable the proper matching of obligations and disbursements and shall be limited to the requirements delineated in paragraph 111403.B, above

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

5. As much as feasible, DOs or entitlement activities and accounting stations should communicate with, and transmit supporting documentation directly to, each other so as to minimize in-transit disbursement resolution and processing time.

★ 111404. Responsibilities For Processing and Obligating Within-Center In-transit Disbursements. Generally, a within-center in-transit disbursement transaction involves: (1) a DO or entitlement activity, (2) an accounting center, and (3) an accounting station. Although accounting centers monitor disbursement activity transmitted by DOs and recorded by applicable accounting stations, DOs or entitlement activities and accounting stations may communicate with, and transmit data and supporting documentation (or supplemental information for electronic transmittals) directly to, each other so as to minimize in-transit disbursement processing time. When other research means have been exhausted and additional documentation is requested by an accounting center or accounting station, the DO or entitlement activity should transmit the requested documentation directly to the requesting activity so as to shorten resolution and processing time.

A. Disbursing Office or Entitlement Activity. In the performance of its duties as it pertains to processing within-center in-transit disbursements, a DO or entitlement activity may: (1) suspend transactions submitted for payment, (2) transmit disbursements to its accounting center (also acting as a paying center), (3) process requests for supporting documentation received from an accounting center (or accounting station), or (4) research and resolve rejected and chargedback disbursements.

1. Suspend Disbursements. A DO or entitlement activity shall suspend processing a transaction submitted for payment pending receipt of sufficient supporting documentation, to include evidence of a preexisting obligation against the designated funds, and an authorized acceptance of the material or services received. The DO or entitlement activity shall follow established procedures for prevalidation of the proposed disbursement in accordance with established requirements to verify that an existing obligation is recorded for the designated funds.

2. Transmit Disbursements. No less than on a weekly basis, and on a daily basis where feasible, a DO or entitlement activity shall process and transmit disbursement transactions, to include sufficient supporting documentation (hardcopy or electronic), to its accounting center (or accounting station). When the DO or entitlement activity transmits the disbursement to its accounting center (or accounting station), the disbursement is in an “in-transit” status.

3. Process Requests. Within 30 days of a request from an accounting center or accounting station for additional supporting documentation, a DO or entitlement activity shall provide the requested documentation to the requesting activity. Generally, request for additional supporting documentation are intended to enable the proper matching of obligations and disbursements and should be limited to the requirements delineated in paragraph 111403.B, above. As much as feasible, DOs or entitlement activities and accounting stations should communicate directly with, and transmit data and supporting documentation directly to, each other so as to minimize in-transit processing time.

4. Research and Resolve Rejects and Chargebacks

a. A reject occurs when a transaction is returned to a DO or entitlement activity for additional information, without a transfer of accountability to the DO’s suspense account. The DO shall provide supporting documentation within 30 days, else the disbursement shall be chargedback to the DO’s suspense account.

b. A chargedback disbursement occurs when a disbursement is rejected by an accounting station, and the applicable accounting center transfers accountability for the disbursement to the DO. A DO or entitlement activity must accept and process a chargedback disbursement. The chargedback disbursement shall be received via an SF 1081.

(1) The chargedback disbursement shall be recorded against the DO’s F3875 account.

(2) The DO or entitlement activity shall provide supporting information to the requester within 30 days and transfer accountability for the disbursement from the DO to the applicable accounting station.

c. If the required supporting information is not provided within 60 days of receipt of a chargedback disbursement, the DO shall report an erroneous

payment in accordance with the provisions of Chapter 6, “Irregularities in Disbursing Officer Accounts,” of Volume 5, “Disbursing Policy and Procedures,” as appropriate, and clear the DO’s F3875 account.

d. If required supporting information is obtained by a DO or entitlement activity after a disbursement is reported as an erroneous payment, a DO, or entitlement activity using an SF 1081, shall charge the applicable accounting station and retransmit the disbursement, with sufficient supporting documentation, to the accounting center.

B. Accounting Center. In the performance of its duties as it pertains to processing within-center in-transit disbursements, an accounting center may: (1) transmit disbursements to an accounting station, (2) request documentation from a DO or entitlement activity, or (3) process rejects and chargebacks.

1. Transmit Disbursements. If the process for within-center disbursement involves the accounting center in distributing disbursement transactions, an accounting center shall, within 30 days of disbursement, transmit the disbursement transaction to the applicable accounting station.

2. Request Documentation. Within 30 days of the date of disbursement of an in-transit transaction by a DO or entitlement activity, an accounting center shall ensure that supporting documentation (electronic or otherwise) has been transmitted by the DO or entitlement activity to either the accounting center or directly to the accounting station, whichever is applicable. If the accounting center determines that supporting documentation has not been transmitted, the accounting center immediately shall:

a. Request that the DO or entitlement activity submit the supporting documentation within 30 days, and;

b. After a total of 60 days from the date of disbursement, if supporting documentation has not been provided, chargeback the disbursement to the DO in accordance with paragraph 3., below.

3. Reject or Chargeback Transactions. If sufficient supporting documentation is not obtained within 30 days of request or a total of 60 days after disbursement, or the accounting station submits a valid reject, the accounting center immediately shall reject or chargeback the disbursement to the DO, as applicable.

C. Accounting Station. In the performance of its duties as it pertains to processing and obligating within-center in-transit disbursements, an accounting station may: (1) process disbursement transactions, (2) request documentation from a DO or entitlement activity, or (3) reject disbursement transactions.

1. Process Transactions. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement, the applicable accounting station shall review the

transaction to ensure that there is sufficient information to determine its accountability for the transaction and take action in accordance with paragraphs a. through c., below.

a. If an accounting station cannot establish its accountability for the disbursement, the disbursement shall be rejected back to the accounting center in accordance with paragraph 3., below.

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

(1) If the applicable obligation is not in the accounting database, the disbursement shall be recorded as a UMD. The UMD shall be resolved in accordance with sections 1104 through 1107 of this chapter.

(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 shall be recorded as a NULO. The NULO shall be resolved in accordance with sections 1104 through 1107 of this chapter.

c. If the accounting station determines that there is not sufficient supporting documentation to allow the disbursement to be matched to an obligation, the accounting station shall request supporting documentation in accordance with paragraph 2., below.

2. Request Documentation. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement transaction from the accounting center (or the DO or entitlement activity), an accounting station shall review the transaction to ensure that there is sufficient information for the applicable accounting station to determine its accountability for the disbursement transaction. If the accounting station determines that it is accountable for the transaction, but that there is not sufficient information to properly record that transaction, the accounting station shall immediately request that the DO or entitlement activity research the disbursement transaction and provide the requested documentation to the accounting station within 30 days of the request.

a. Immediately, upon receipt (electronic or otherwise) of supporting documentation from a DO or entitlement activity, the applicable accounting station shall attempt to match the disbursement with its corresponding obligation and record the disbursement.

b. If supporting documentation is not received within 30 days of request, the accounting station shall reject the in-transit disbursement in accordance with paragraph 3., below. However, transactions \$2,500 or less (as required by paragraph 111401.F.)

shall not be rejected, but instead shall be recorded as a UMD and shall be researched in accordance with subsection 110501 of this chapter.

3. Reject Disbursement Transactions. Upon making a determination that accountability for a disbursement transaction belongs to another accounting station, or that supporting documentation will not be received, an accounting station immediately shall reject the disbursement transaction to its accounting center or the responsible DO, whichever is applicable.

★ 111405. Responsibilities For Processing Cross-Disbursed In-transit Disbursements. Generally, a cross-disbursed in-transit disbursement transaction involves: (1) a DO or entitlement activity, (2) a paying center, (3) an accounting center, and (4) an accounting station. Although paying and accounting centers monitor disbursement activity transmitted by DOs or entitlement activities and recorded by applicable accounting stations, DOs or entitlement activities and accounting stations should communicate with, and transmit supporting documentation (or supplemental information for electronic transmittals) directly to, each other so as to minimize in-transit disbursement processing time.

A. Disbursing Office or Entitlement Activity. In the performance of its duties as it pertains to processing cross-disbursed in-transit disbursements, a DO or entitlement activity may: (1) suspend disbursements submitted for payment, (2) transmit disbursements to its paying center, (3) process requests for supporting documentation, or (4) research and resolve chargedback disbursements.

1. Suspend Disbursements. A DO or entitlement activity may suspend processing a transaction submitted for payment pending receipt of sufficient supporting documentation, to include evidence of a preexisting obligation against the designated funds, and an authorized acceptance of the material or services received. The DO or entitlement activity shall follow established procedures for prevalidation of the proposed disbursement in accordance with established requirements to verify that an existing obligation is recorded for the designated funds.

2. Transmit Disbursements. No less than on a weekly basis, and on a daily basis where feasible, a DO or entitlement activity shall process and transmit disbursement transactions, to include sufficient supporting documentation (hardcopy or electronic), to its paying center. When the DO or entitlement activity transmits the disbursement to its paying center, the disbursement transaction is in an “in-transit” status.

3. Process Requests. Within 30 days of a request from an accounting center or accounting station for additional supporting documentation, a DO or entitlement activity shall provide the requested documentation to the requesting activity. Generally, request for additional supporting documentation are intended to enable the proper matching of obligations and disbursements and should be limited to the requirements delineated in paragraph 111403.B, above. As much as feasible, DOs or entitlement activities and accounting stations should communicate directly with, and transmit data and supporting documentation directly to, each other so as to minimize in-transit processing time.

4. Research and Resolve Chargebacks.

a. A chargedback occurs when a transaction is rejected by an accounting station, and the applicable paying center transfers accountability for the disbursement to the DO. A DO or entitlement activity must accept and process a chargedback disbursement. The chargedback disbursement shall be received via an SF 1081.

(1) The chargedback disbursement shall be recorded to the DO's F3875 account.

(2) The DO or entitlement activity shall provide supporting information to the requester within 30 days and transfer accountability for the disbursement from the DO to the applicable accounting station.

b. If the required supporting information is not provided to the applicable paying or accounting center within 60 days of receipt of a chargedback disbursement, the applicable DO or entitlement activity shall report an erroneous payment in accordance with the provisions of Chapter 6, "Irregularities in Disbursing Officer Accounts," of Volume 5, "Disbursing Policy and Procedures," as appropriate, and then clear the DO's F3875 account.

c. If required supporting information is obtained by a DO or entitlement activity after a disbursement is reported as an erroneous payment, a DO or entitlement activity, using an SF 1081, shall charge the applicable accounting station and retransmit the disbursement, with sufficient supporting documentation, to the paying center.

B. Paying Center. In the performance of its duties as it pertains to processing cross-disbursed in-transit disbursements, a paying center may: (1) transmit disbursements to an accounting center, (2) request documentation from a DO or entitlement activity, or (3) chargeback unsupported disbursements.

1. Transmit Disbursements. Within 30 days of disbursement, and daily where feasible, a paying center shall transmit disbursement transactions, with sufficient supporting documentation (electronic or otherwise), to the applicable accounting center.

2. Request Documentation. Within 30 days of disbursement, a paying center shall ensure that supporting documentation has been transmitted by the DO or entitlement activity to either the paying center or directly to the accounting station, whichever, is applicable. If the paying center determines that there is not sufficient documentation, the paying center immediately shall:

a. Request that the DO or entitlement activity submit the supporting documentation within 30 days; and,

b. After a total of 60 days from the date of the disbursement, if supporting documentation has not been provided, chargeback the disbursement to the DO in accordance with paragraph 3., below.

3. Chargeback Transactions. If supporting documentation is not obtained within 30 days of request or a total of 60 days after disbursement, or an accounting center submits a valid chargeback, the paying center immediately shall chargeback the disbursement to the DO.

C. Accounting Center. In the performance of its duties as it pertains to processing cross-disbursed in-transit disbursements, an accounting center may: (1) transmit disbursements to an accounting station, (2) request documentation from a DO or entitlement activity, or (3) chargeback disbursements that have not been distributed to, or have been rejected by, accounting stations.

1. Transmit Disbursements. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement transaction from a paying center, an accounting center shall review the transaction to ensure that there is sufficient information to identify the accounting station. If the accounting center determines that there is sufficient information, the accounting center immediately shall transmit the disbursement transaction to the applicable accounting station.

2. Request Documentation. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement transaction from a paying center, an accounting center shall review the transaction to ensure that there is sufficient information to identify the accounting station. If the accounting center determines that there is not sufficient information, the accounting center immediately shall:

a. Request that the applicable DO or entitlement activity research the disbursement transaction and provide the requested documentation to the accounting center or accounting station within 30 days of the request; or,

b. Chargeback the disbursement to the applicable paying center in accordance with paragraph 3., below, if supporting documentation is not provided within 30 days of the request.

3. Chargeback Transactions. If sufficient supporting documentation is not provided to the requesting activity within 30 days of the request, or the accounting station has submitted a valid reject, the accounting center immediately shall chargeback the disbursement to the paying center.

D. Accounting Station. In the performance of its duties as it pertains to processing cross-disbursed in-transit disbursements, an accounting station may: (1) process disbursement transactions, (2) request documentation from an accounting center or DO or entitlement activity, or (3) reject disbursement transactions.

1. Process Transactions. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement transaction, an accounting station shall review the transaction to ensure that there is sufficient information for the applicable accounting station to determine its accountability for the disbursement transaction and take action in accordance with paragraphs a. through c., below.

a. If an accounting station cannot establish its accountability for the disbursement, the in-transit disbursement immediately shall be rejected back to the accounting center in accordance with paragraph 3., below.

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

(1) If the applicable obligation is not in the accounting database, the disbursement shall be recorded as a UMD. The UMD shall be resolved in accordance with sections 1104 through 1107 of this chapter.

(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 shall be recorded as a NULO. The NULO shall be resolved in accordance with sections 1104 through 1107 of this chapter.

c. If the accounting station determines that there is not sufficient supporting documentation to allow the disbursement to be matched to an obligation, the accounting station shall request supporting documentation in accordance with paragraph 2., below.

2. Request Documentation. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement transaction, the accounting station shall review the transaction to ensure that there is sufficient information for it to determine its accountability for the disbursement transaction. If the accounting station determines that it is accountable for the transaction, but that there is not sufficient information to properly record the transaction, it shall immediately request that the DO or entitlement activity research the disbursement transaction, and provide the required documentation to the accounting station within 30 days of the request.

a. Immediately, upon receipt (electronic or otherwise) of sufficient documentation from the DO or entitlement activity, the applicable accounting station shall attempt to match the disbursement with its corresponding obligation and record the disbursement.

b. If supporting documentation is not received within 30 days of request, the accounting station shall reject the in-transit disbursement in accordance with paragraph 3., below. However, transactions \$2,500 or less (as required by paragraph 111401.F.)

shall not be rejected, but instead shall be recorded as a UMD and shall be researched in accordance with subsection 110501 of this chapter.

3. Reject Disbursement Transactions. Upon making a determination that accountability for a disbursement transaction belongs to another accounting station, or that supporting documentation will not be provided, an accounting station shall reject the disbursement transaction to its accounting center.

★ 111406. Additional Responsibilities for Resolving In-transit Disbursements

A. Ultimately, in-transit disbursements shall be matched to an obligation by an accounting station or declared an erroneous payment by a DO. In accordance with subsections 111404 and 111405, an in-transit disbursement transaction, with supporting documentation, shall be transmitted to an accounting station as efficiently as feasible for recordation; if an in-transit disbursement is not transmitted to an accounting station, it shall be chargedback to a DO as efficiently as feasible for research and resolution.

B. The following responsibilities apply for all in-transit disbursements made on or after October 1, 2000:

1. Once an accounting station has sufficient supporting documentation (hard copy or electronic) to allow it to match an in-transit disbursement with an obligation it shall process the in-transit disbursement and treat it as a matched disbursement, a UMD, or a NULO, as applicable, depending on whether the disbursement was matched to an obligation and the amount. UMDs and NULOs must be researched and obligated in accordance with sections 1104 through 1107 of this chapter.

2. If, within 60 days of receiving a chargeback for an in-transit disbursement, a disbursing office fails to resolve an in-transit disbursement and provide supporting documentation sufficient to allow the disbursement to be charged to an obligation, the disbursing officer shall report an erroneous payment in accordance with the provisions of Chapter 6, "Irregularities in Disbursing Officer Accounts" of Volume 5, "Disbursing Policy and Procedures."

3. Notwithstanding the actions required by paragraphs B.1. and 2., above, should a disbursement subsequently be identified to a specific obligation, appropriation, funds holder or DoD Component, the accounting station, paying center, accounting center, disbursing office, or entitlement activity involved shall work with the applicable station, center, funds holder and/or DoD Component to transfer the charge to the appropriate funds holder, appropriation manager or DoD Component. Any resulting UMD or NULO must be researched and obligated in accordance with sections 1104 through 1107 of this chapter.

C. The DFAS-Headquarters shall monitor and maintain reports on all unprocessed in-transit disbursements, undistributed in-transit disbursements, chargedback in-transit disbursements or any other in-transit disbursements. Such reports shall identify the

applicable DO, paying center, accounting center and accounting station, the amount, as well as appropriate corrective actions being taken. The DFAS Headquarters also shall ensure that in-transit disbursements are processed, resolved, obligated, or reported as erroneous payments in accordance with applicable provisions, and within the applicable timeframes, specified in this chapter.

1115 RESERVED

1116 REPORTING REQUIREMENTS

111601. Data Collection Requirements. The DFAS shall be responsible for collecting and consolidating data and reporting on the amounts and the status of UMDs, NULOs, and disbursements in-transit.

111602. Recurring Monthly Reporting Requirements

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

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

1117 MAINTENANCE OF ADEQUATE RECORDS

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