DOD 7000.14-R

DEPARTMENT OF DEFENSE

FINANCIAL MANAGEMENT REGULATION

VOLUME 3

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BUDGET EXECUTION -- AVAILABILITY AND USE OF BUDGETARY RESOURCES

DECEMBER 1996

UNDER SECRETARY OF DEFENSE (COMPTROLLER)

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UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1100

COMPTROLLER

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FOREWORD

This Volume of the "Department of Defense Financial Management Regulation" is issued under the authority of DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," dated November 15, 1992. It governs financial management by establishing and enforcing requirements, principles, standards, systems, procedures, and practices necessary to comply with financial management statutory and regulatory requirements applicable to the Department of Defense. It directs financial management requirements, systems, and functions for all appropriated, working capital, revolving, and trust fund activities. In addition, it directs statutory and regulatory financial reporting requirements.

Volume 3 of the "DoD Financial Management Regulation" establishes procedures for DoD Components to use in budget execution. Specifically, it details the availability and use of budgetary resources.

This Volume of the Regulation applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

This Volume of the Regulation is effective immediately and is mandatory for use by all DoD Components. Heads of DoD Components shall ensure that the provisions of this Volume are adhered to in day-to-day operations and in the design, modification, and maintenance of their Component's financial management and reporting system or systems. The Heads of DoD Components shall not issue supplementary directives and/or regulations without the prior written approval of the Office of the Under Secretary of Defense (Comptroller).

The reporting requirements in this Regulation are exempt from licensing in accordance with paragraph E.4.f. of DoD 8910.1-M, "DoD Procedures for Management of Information Requirements," November 1986.

Forward recommended changes to this Volume of the Regulation through channels to the address below. Submit requests for deviations from or exceptions to specific standards, with justification, to:

Office of the Under Secretary of Defense (Comptroller)
1100 Defense Pentagon
Washington, DC 20301-1100

The Defense Finance and Accounting Service will provide copies of this Volume, and other previously unpublished volumes, of this Regulation through its normal publication channels. Early in 1997, all 15 volumes of the Financial Management Regulation will be available on the Internet at: http://www.dtic.mil/comptroller/fmr. Printed or CD-Rom copies of the Regulation may be ordered through the Internet Homepage or directly from the Defense Automated Printing Service, at 1401 S. Fern Street, Arlington, VA 22202, or by telephone at (703) 607-5212.

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BUDGET EXECUTION--AVAILABILITY AND USE OF BUDGETARY RESOURCES

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INTRODUCTION TO THE DoD FINANCIAL MANAGEMENT REGULATION

GENERAL

The DoD Financial Management Regulation provides all DoD Components with the policy, regulation, and procedures within the area of responsibility of the Under Secretary of Defense (Comptroller) (USD(C)). The Regulation consists of the following 15 volumes:

1. General Financial Management Information, Systems, and Requirements
2. Budget Formulation and Presentation
3. Budget Execution - Availability and Use of Budgetary Resources
4. Accounting Policy and Procedures
5. Disbursing Policy and Procedures
6. Reporting Policy and Procedures
7. Military Pay Policy and Procedures
8. Civilian Pay Policy and Procedures
9. Travel Policy and Procedures
10. Contract Payment Policy and Procedures
11. Reimbursable Operations, Policy and Procedures
12. Special Accounts, Funds and Programs
13. Nonappropriated Funds Policy and Procedures
14. Administrative Control of Appropriations
15. Security Assistance Policy and Procedures

AUTHORIZATION

This Regulation is issued by the USD(C) under authority of Department of Defense Instruction 7000.14, "DoD Financial Management Policy and Procedures," dated November 15, 1992.

PARAGRAPH NUMBERING SYSTEM

The paragraph numbering system of this Regulation is consistent for all 15 volumes. The six digit paragraph number and its subparagraph designators are formulated as follows:

01	01	01	A.1.a.(1)(a)
CHAPTER 1	SECTION 1	PARAGRAPH 1	SUBPARAGRAPHS

PUBLICATIONS INCORPORATED

This Volume of the "DoD Financial Management Regulation" incorporates the policy and procedures contained in the following publications:

DoD 7110.1-M "DoD Budget Guidance Manual" (Chapters: 412, 422, 423, 425, 431, 432, 441, 442, and 451)

DoD 7220.9-M "DoD Finance and Accounting Manual" (Chapters: 25, 27, 32 and 77)

CHAPTER 1

TEMPORARY APPROPRIATION WARRANTS

0101 GENERAL

This Chapter provides general background information on appropriation warrants, general guidance on requesting temporary appropriation warrants under continuing resolutions, and specific guidance on the submission requirements for temporary appropriation warrants.

0102 BACKGROUND

An appropriation warrant is a financial control document, issued pursuant to law (usually appropriation acts) by the Treasury Department, that establishes the amount of monies authorized to be withdrawn (disbursed) from the central accounts that are maintained by the Treasury Department. The warrant is the basis for recording appropriations (cash) on the books of the Treasury Department and the Department of Defense. However, if legislation on new appropriations is not completed by the beginning of the fiscal year, continuing resolution legislation typically is enacted by the Congress and requires a different warrant procedure. Treasury Department procedures usually require that temporary appropriation warrants be prepared by the Agency. Such warrants are submitted to the Treasury Department, reviewed, and countersigned by a representative of the General Accounting Office (GAO) on behalf of the Comptroller General of the United States. Authenticated copies of the temporary appropriation warrants then are furnished to the Agency. Additional background information can be found in the "Treasury Financial Manual," Part II, Chapter 2000, Section 2030.

0103 GENERAL GUIDANCE

Temporary appropriation warrants will be prepared when the Department of Defense is operating under the provisions of a continuing resolution and is advised by the Office of Management and Budget to proceed in establishing Treasury balances. Within the Department of Defense, each Military Service and the Defense Finance and Accounting Service - Indianapolis Center (on behalf of Treasury Index 97 Secretary of Defense accounts) shall submit warrant requests directly to the Treasury Department Fund Management Division. Obligations and disbursements will be incurred consistent with the provisions and authority contained in the continuing resolution legislation and also in accordance with specific guidance issued by Office of the Under Secretary of Defense (Comptroller) (OUSD(C)).

0104 SPECIFIC GUIDANCE

The following guidance applies to requests for temporary appropriation warrants:

010401. When advised by the OUSD(C), the aforementioned organizations will prepare temporary appropriation warrant requests when under a continuing resolution. Dollar values will relate only to appropriations pending enactment. The request shall be submitted to the Treasury Department within 10 days.

010402. The temporary appropriation warrant value is *normally* an annual amount that is derived by formula for each account. The warrant amount is determined by taking the lower of the direct amount available for obligation for the previous fiscal year, the House-passed appropriations bill and the Senate passed appropriations bill by individual account. Estimates for reimbursable requirements are not included in temporary appropriation warrants.

010403. As required by the "Treasury Financial Manual," requests for temporary appropriation warrants will contain, as a minimum, the following information:

A. The legislative authority for the request (Public Law number).

B. The account symbols for the current fiscal year and the annualized amounts requested for each account. Unless otherwise indicated by the OUSD(C), amounts will be determined by paragraph 010402

C. The amounts appropriated in the prior fiscal year.

D. The amounts of formal budget requests for the account for the current year (as transmitted in the budget and any subsequent amendments by the President) relating to the accounts involved.

E. The numbers, status of, and amounts allowed by any related appropriation bills.

F. The amount of unobligated balances that are carried over into and out of the new fiscal year. Since the budget estimates of unobligated balances at the end of the year usually are not finalized at this time, the amount carried out of the old fiscal year will equal the amount carried over into the new fiscal year.

010404. The requests shall be sent directly to:

Department of the Treasury
Financial Management Service
Funds Management Division
Room 6F06
3700 East-West Highway
Hyattsville, MD 20782-1849

010405. One copy of the temporary appropriation warrant, as approved by the Treasury Department, will be submitted to the OUSD(C), Office of the Deputy Comptroller (Program/Budget), Directorate for Program and Financial Control. The DoD Component shall immediately notify the OUSD(C) of any discrepancy between their request and the approved Treasury warrant.

010406. Amounts reflected on the temporary appropriation warrant shall be reported on line 1.A of the Report of Budget Execution (SF 133) and also on line 1.A of the Apportionment and Reapportionment Schedule (SF 132).

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CHAPTER 2

APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

0201 GENERAL

020101. This Chapter provides information for the preparation and submission of the Apportionment and Reapportionment Schedule (Standard Form (SF) 132) as required by Office of Management and Budget (OMB) Circular No. A-34 and includes all exceptions to Circular No. A-34 procedures approved by the OMB National Security Division.

020102. Apportionment is part of the government-wide system for the administrative control of appropriations and funds. It is a distribution of an amount available for obligation and/or commitment in an appropriation or fund account into amounts available for specified time periods, activities, projects or combinations thereof as approved by the OMB and the OUSD(C). The amounts so apportioned limit the obligations that may be incurred. Revisions to the previous apportionment, called reapportionment, reflect changes in the amount of financial resources previously authorized for obligation. Both apportionment and reapportionment are subject to further controls in the form of specified footnotes and scheduled rates of obligation.

0202 COVERAGE

020201. Accounts Requiring SF 132. The Apportionment and Reapportionment Schedule (as specified in Appendix A) will be used for the following types of accounts that are required to be apportioned:

A. Military function accounts.

B. Civil function accounts (e.g., Wildlife Conservation).

C. Credit financing (e.g., direct loan or loan guarantees).

020202. Accounts Exempted from Requirements of SF 132. The following accounts are exempted from apportionment on SF 132:

A. Accounts that are available only for nonexpenditure transfer to other accounts.

B. Expired accounts.

C. Accounts that have been fully obligated before the beginning of the year.

D. Foreign currency accounts.

E. Trust funds, including deposit funds, unless the OMB notifies the Department that specific accounts will be apportioned. The National Security Education Trust Fund shall require apportionment.

F. Consolidated working funds.

G. Other accounts individually exempted by the OMB (e.g., payment to the Military Retirement Fund).

020203. Availability of Balances Beyond the Fiscal Year. The balances of apportionments made in previous years will not be used to initiate or enlarge programs identified in appropriations for the current year. Such programs will be financed only to the extent permitted by the new appropriation (including joint resolutions making continuing appropriations).

020204. Adjustments Without Submission of SF 132. Unless the OMB determines otherwise, amounts apportioned will be adjusted as follows without submission of an SF 132:

A. Adjustments in the amount of unobligated balances brought forward, up to $200,000 or one percent of total budgetary resources, whichever is lower, may be added to or subtracted from the apportionment for the period in progress when the adjustment is made. (Memorandum type forms may be prepared at the option of the DoD Component for internal Component use.)

B. Amounts of supplemental appropriations or other authority enacted in the last quarter will be added to the apportionment for the last time period. (Memorandum type forms may be prepared at the option of the DoD Component for internal Component use.) Inter-appropriation transfers specified in the language of appropriations acts enacted in the last period are excluded from the provisions of this paragraph.

C. Amounts of budget authority adjustments (line 1.D) or unobligated balances transferred (line 2.B), up to $200,000 or one percent of total budgetary resources, whichever is lower, may be added to, or subtracted from the apportionment for the period in progress when the adjustment is made. (Memorandum type forms may be prepared at the option of the DoD Component for internal Component use.)

D. Amounts of indefinite budget authority, and reimbursements, that are realized above or below anticipated amounts, up to $200,000 or one percent of budgetary resources, whichever is lower, may be added to or subtracted from the amount apportioned for the last time period.

E. Anticipated transfers previously apportioned on lines 1.E or 2.C which become realized do not require submission of an SF 132 for that purpose. The transfer should be reflected as realized on lines 1.D or 2.B when subsequent reapportionments are submitted.

F. Amounts of estimated unobligated balances which are footnoted in accordance with paragraph 020301.C, above, are adjusted to the actual amounts (+ or -) brought forward.

G. If the Congress completes action on a rescission proposal within the 45-day period prescribed in law and rescinds the exact amount proposed by the President, reapportionment action is not required to reflect the reduction in budget authority or unobligated balances. The SF 132 will be adjusted to reflect the enacted rescission when reapportionment action is requested for other reasons.

H. Actual recoveries of prior year obligations in multi-year and no-year accounts will be reflected in the unobligated balance in the initial SF 132 for the second, third, etc., year of an account. Recoveries occurring during the year will be apportioned automatically if so footnoted by the OMB on the SF 132. As reapportionments are generated for other purposes during the year, amounts for recoveries will be reflected in all columns on Line 4A, Actual Recoveries of Prior Obligations. A change to Line 4A will not result in the initiation of an SF 132 reapportionment action. The following footnote will be included on all multi-year and no-year accounts containing unobligated balances:

"In addition to amounts apportioned herein, actual recoveries of prior-year obligations are automatically apportioned."

NOTE: If recoveries have been realized, subsequent footnotes will be amended to change the word "actual" to "additional."

I. Amounts transferred from/to the Foreign Currency Fluctuations, Defense; Foreign Currency Fluctuations, Construction, Defense; Environmental Restoration Fund, Defense; or ADP Equipment Management Fund accounts are apportioned upon approval of the subject internal reprogramming action by the OUSD(C). Accounts for which these transfers are applicable are to include the following footnote in Section 8 of the SF 132.

"This apportionment is adjusted automatically to reflect transfers to or from the Foreign Currency Fluctuations, Defense; Foreign Currency Fluctuations, Construction, Defense; Environmental Restoration Fund, Defense, or ADP Equipment Management Fund accounts."

As reapportionments are generated for other purposes during the year, amounts of actual transfers will be reflected in all columns of the SF 132. Subsequent footnotes will be amended to insert the word "additional" before "transfers."

J. Reprogramming of resources for payment of obligations that otherwise would have been chargeable to canceled accounts shall be made in accordance with the purposes stated in Section 8080 of P.L. 101-511, as supplemented by current DoD reprogramming policies, accounting directives and guidance. Accounts for which these obligations are permissible are to include the following footnote in Section 8 of the SF 132.

"Up to one percent of the original appropriation or the unobligated balance, whichever is less, may be utilized for the purpose of obligation adjustments and payments, that otherwise would have been chargeable (both to purpose and amount) to a canceled appropriation."

K. Amounts reported as orders received for the reimbursable programs of accounts listed in paragraph 0206, below.

0203 SUBMISSION REQUIREMENTS

020301. Initial Apportionment Request. Initial SF 132 will be submitted to the OUSD(C), Directorate for Program and Financial Control (P&FC), at the following times:

A. Within five calendar days after completion of congressional action on a DoD appropriations act or substantive act or not later than August 14 where congressional action on a new appropriations act is completed prior to August 9. At the direction of the OUSD(C), the SF 132 also are to include certain transfers specified in the appropriations act on lines 1.E or 2.C (1.A and 6.E (-) additionally for reappropriations).

B. Not later than August 14 for revolving and public enterprise funds, and for other accounts having unobligated balances carried forward. In addition, an SF 132 for the new fiscal year shall be submitted on all accounts that have amounts withheld on Line 9 or 10 in the current fiscal year, and for which balances will be withheld in the next fiscal year. The amounts reported should be the best estimate of the balances withheld at the close of the fiscal year and if amounts differ from those currently withheld, a revised SF 132 for the current fiscal year should accompany the submission to bring the amounts into agreement.

C. Not later than August 14 for multi-year appropriations and other accounts having balances available for obligation in the next fiscal year that are not requested by OUSD(C) letter apportionment. The following footnote should be included:

"Amounts apportioned are automatically adjusted by the difference between the estimated and actual unobligated balance brought forward (+ or -)."

The footnote, if appropriate, will apply to the amount shown on line 2A.

NOTE: Obligations incurred will not exceed the amount(s) in section 8 of the above SF 132 plus or minus adjustments between estimated and actual unobligated balance brought forward. Obligations incurred in excess will be in violation of Title 31, United States Code, section 1517.

D. At such time and in such manner as determined by the OUSD(C) and/or the OMB for apportionments required under Continuing Resolution Authority, and for other reasons.

020302. Reapportionment Request. Reapportionment requests will be submitted on SFs 132 to the OUSD(C), under the following circumstances:

A. Whenever a change in the apportionments previously made becomes necessary because of changes in amounts available (e.g., actual reimbursements differ significantly from estimates), program requirements, cost factors or rescissions.

B. Whenever there have been significant changes in estimates shown on the form for appropriation receipts or reimbursements, or when there has been any change in the amount of transfers.

C. Whenever a change is required to quarterly apportioned amounts in Military Personnel, Operation and Maintenance, Defense Health Program or Family Housing Operation and Maintenance accounts.

D. Whenever a change is required to budget activity level (construction category) amounts in Military Construction and Family Housing Construction accounts.

E. Whenever a change is required to contract authority authorizations.

F. Whenever a change is required to borrowing authorities.

G. Whenever a change is required in credit financing accounts.

H. Within five calendar days after completion of congressional action on an Appropriations Act, or substantive act providing additional budget authority, except for adjustments covered by paragraph 020204.B of this Volume.

I. Not later than November 30 to correct an estimated unobligated balance brought forward to agree with the amount shown on the final Report on Budget Execution (SF 133) for the previous year, except for adjustments covered by paragraph 020204.F of this Volume.

H. Revised SFs 132 will be submitted to the OUSD(C) immediately upon completion of congressional action or inaction on proposed rescissions identified on the SFs 132 only upon expiration of 45 calendar days of continuous session without completion of action on a proposed rescission or upon rescission of an amount different from that proposed by the President. Revised SFs 132 also will be required should the Congress rescind all or a portion of the amount proposed by the President subsequent to the expiration of the prescribed 45 days of continuous session. SFs 132 must be prepared in advance and be held for immediate processing to assure that they reach the OMB upon enrollment of the rescission bill, upon expiration of the 45 days where congressional action on a rescission is incomplete, or on the day following the passage of a resolution disapproving an executive deferral. SFs 132 relating to these actions will include only those changes relating to congressional action on the amount reserved. No other changes are to be included on these actions.

Congressionally initiated rescissions may occur as the result of the reconciliation process established by the Congressional Budget Act (2 U.S.C. 641) or because of changing priorities or economic conditions during the year. Where the Congress takes such action, and an apportionment action for the involved account is not in process at the OUSD(C) or the OMB, a revised SF 132 will be submitted on the date of enactment of the reconciliation or rescission bill. The DoD Components will ensure that reduced appropriations are not exceeded.

020303. Number of Copies. Submit an original and one copy of SF 132 and supporting schedules. The SF 132 shall be produced utilizing the OUSD(C) supplied Microsoft Excel template or other software subject to OUSD(C) approval.

020304. Signature. An official not below the level of the Assistant Secretary (Financial Management and Comptroller) will sign the original of SF 132 submitted by the Military Department. Signature authority may be redeligated to another official in the Comptroller organization.

020305. Supporting Schedules. The following supporting schedules are required. These will be collated with the SF 132.

A. Each apportionment document shall be accompanied by an informal written explanation of the requested apportionment action and the appropriate points of contact for program content and administration.

B. Exhibit PB-48, "Analysis of Reimbursements" (see Appendix B). This schedule is required with SF 132 whenever there is a request to increase or decrease previously apportioned amounts of reimbursable authority. A short statement will be provided at the bottom of the PB-48 explaining why the change is requested.

C. Exhibit PB-49, "Schedule of Transfers" (see Appendix C). This schedule is required whenever there are transfer or reappropriation amounts reflected on lines 1.D, 1.E, 2.B and/or 2.C.

D. For the Army Conventional Ammunition Working Capital Fund, a schedule is required showing division or materiel category, sales, obligations, and total authority.

E. For the Working Capital Funds, a schedule is required showing Service/Agency business areas by appropriations, obligations, orders, capital and contract authority.

0204 NOTIFICATION TO COMPONENT OF OUSD(C) AND OMB ACTION

020401. Notification to DoD Components of OUSD(C) Action. Upon submission of the SF 132 to the OMB, the OUSD(C) will notify the Component involved of amounts recommended by the OUSD(C) if such amounts differ significantly from those requested by the DoD Component.

020402. Action by OMB. The OMB will indicate to the OUSD(C) the action taken in regard to the initial request for apportionment within the time prescribed by law, and in regard to reapportionment, generally within fifteen days after receipt of the request.

020403. Notification to DoD Component of OMB Action. Upon receipt of the written notification of OMB action on the SF 132, the OUSD(C) will provide a copy of the SF 132 reflecting such action, together with correspondence relating thereto, to the DoD Component.

0205 SPECIAL INSTRUCTIONS

020501. In certain instances, apportionment requests may anticipate the need for supplemental budget authority. In such instances, the following footnote will be made to the SF 132:

"This apportionment request indicates a necessity for a supplemental appropriation now estimated at $_____."

Approval of the above footnote on the apportionment request does not authorize exceeding the apportioned available resources in an account.

020502. Military Construction, NATO and Family Housing

A. Completion of SF 132

1. Military construction apportionment or reapportionment requests will be structured to correspond to the budget activities approved for use in the President's Budget, utilizing lines under Category B of the SF 132, as follows:

8B(1). Major construction. This summary estimate will cover the acquisition of land for, and construction of, major construction projects usually authorized in specific dollar amounts in Military Construction Authorization Acts.

8B(2). Minor construction. This summary estimate will cover unspecified minor construction projects which have a funded cost of $1 million or less including construction, alteration or conversion of permanent or temporary facilities as authorized under Title 10, United States Code, section 2805.

8B(3). Planning. This program will cover planning and design activities.

8B(4). Supporting activities. This summary estimate will cover general authorizations not included in 8.B(2) and 8.B(3) above, for all other activities which directly or indirectly support the military construction

program when financed from these appropriations. Examples are the defense access road program and minor land acquisitions.

8B(5). Reimbursable construction work. This summary estimate will cover any construction work and service orders undertaken for others on a reimbursable basis.

2. NATO Recoupments. NATO Infrastructure recoupments will be reported as available for apportionment on line 3.A, SF 132, for the "NATO Security Investment Fund" apportionment and will be used to finance the United States' share of NATO Infrastructure programs.

3. Family Housing. Family Housing multi-year funds (Construction), Family Housing annual funds (Debt Payment, Operations and Maintenance) and the Family Housing Improvement Fund (Program and Credit Financing accounts) will require separate apportionment requests.

(a) Family Housing Construction. Family Housing Construction apportionment requests will be structured to correspond to the budget activities approved for use in the President's Budget, utilizing lines under Category B of the SF 132, as follows:

8B(1). Construction of new housing. This summary estimate will cover the cost of new construction projects authorized in the appropriate Military Construction Authorization Acts.

8B(2). Construction improvements. This summary estimate will cover the cost of regular improvements, energy conservation improvements, and minor construction.

8B(3). Planning. This summary estimate will cover planning and design activities.

(b) Family Housing Operation and Maintenance. The Family Housing Support apportionment request will be structured utilizing Category A lines of the SF 132 as follows:

8A(1-4). Operation, Maintenance, Leasing. The estimate will be the amount required to operate, maintain and lease family housing units on a fiscal year quarter basis. The amounts should not be cumulative.

(c) Family Housing Improvement Fund. Apportionment and Reapportionment requests shall be submitted for the FHIF Program account and, when necessary, the FHIF Direct Loan Financing account and the FHIF Guaranteed Loan Financing account. Category B apportionment shall be used to reflect applicable administrative expenses, direct loan

subsidy, guaranteed loan subsidy and other miscellaneous items for the FHIF Program account. Category A and B combinations may be used for direct loan and guaranteed loan financing accounts, when appropriate.

020503. Commissary Store Facility Construction - Trust Revolving Fund. Public Law 97-321 (October 15, 1982) amended 10 U.S.C. 2685 to permit obligation of anticipated proceeds from the adjustments or surcharges authorized by Section 2685. Prior to any such obligation of funds, the amounts must be apportioned as contract authority on line 1.C of the SF 132.

020504. Credit Limitations. The applicable OMB instructions may prescribe an annual limitation on the amounts of direct loans and loan guarantees for Federal credit programs. These limitations will be apportioned unless specifically exempted by the OMB, and will be in addition to the apportionment of the related program account. Further, these limitations will be apportioned either as Category A or B. The OUSD(C) will provide additional guidance as necessary.

020505. Letter Apportionments. Letter apportionments may be requested by OUSD(C) and/or issued by the OMB under certain circumstances, such as, periods under Continuing Resolution Authority, for multi-year estimated/actual unobligated balance approvals, for sequestration, for prior approval reprogramming actions or internal reprogramming actions. Subsequent requests for reapportionment will reflect the amounts approved on the letter apportionment in all columns of the SF 132.

020506. Interim Apportionment Authority for Initial Appropriations Act. In cases where an apportionment request that reflects initial appropriations act resources is still pending after the start of the fiscal year, the authority to obligate resources is automatically apportioned, until the receipt of an OMB approved apportionment, to a level that is reasonable and customary for the time period. This authority may be further limited by OUSD(C) and OMB direction.

0206 AUTOMATIC APPORTIONMENT OF REIMBURSEMENTS

020601. In May 1992, the OMB repealed all policies addressing automatic apportionment of reimbursables. Only the accounts listed in paragraph 020602, below, can continue with automatic reimbursable authority.

020602. Reimbursable authority will be automatically apportioned to the extent orders are received for the following accounts:

A. Military Personnel, Navy
B. Military Personnel, Marine Corps
C. Operation and Maintenance, Army
D. Operation and Maintenance, Navy
E. Operation and Maintenance, Marine Corps
F. Operation and Maintenance, Air Force

G. Operation and Maintenance, Army Reserve
H. Operation and Maintenance, Navy Reserve
I. Operation and Maintenance, Marine Corps Reserve
J. Operation and Maintenance, Air Force Reserve
K. Operation and Maintenance, Army National Guard
L. Operation and Maintenance, Air National Guard
M. Defense Health Program*
N. Research, Development, Test and Evaluation, Army
O. Research, Development, Test and Evaluation, Navy
P. Military Construction, Army
Q. Military Construction, Navy

* Approved October 28, 1992

020603. A footnote shall be included on all SF 132 submissions as follows:

"In addition to the amounts apportioned herein, an amount or amounts equal to the value or orders received and accepted within the fiscal year is hereby automatically apportioned upon receipt and acceptance of such orders pursuant to the OMB letter of May 15, 1992."

and as follows for the ensuing years of an unexpired account:

"In addition to the amounts apportioned herein, an amount or amounts equal to the value of adjustments to prior year orders received and accepted within the fiscal year is hereby automatically apportioned upon receipt and acceptance of adjustments to such orders pursuant to the OMB letter of May 15, 1992."

020604. Amounts automatically apportioned shall be included on subsequent reapportionment documents in all columns.

0207 DEFERRALS AND RESCISSIONS

020701. Deferrals

A. Available budgetary resources may be withheld from obligation temporarily through the apportionment process with the intent of apportioning them for use later, before they expire. Such deferral action may be taken by the OMB on its own initiative or at the request of the Department. Budgetary resources may be deferred as reserves to provide for contingencies under provisions of 31 U.S.C. 1512; or they may be deferred for other reasons under the Impoundment Control Act (2 U.S.C. 684), except that funds available for only one fiscal year may not be deferred throughout that year.

B. All funds deferred through the apportionment process must be reported to the Congress in special messages. The Congress may overturn a deferral at any time by passing a law disapproving the deferral. If the Congress takes no action to disapprove reported deferrals,

those deferrals may remain in effect until the end of the fiscal year unless a special message indicates that an earlier release is planned. For annual accounts and the last year of multiple-year accounts, however, funds may be deferred only for part of the year.

C. As the fourth quarter approaches, Components should review all deferrals (particularly of funds expiring at the end of the year) to ensure that amounts deferred for only part of the year will be released in time to be used prudently before the year ends. If a determination is made that such amounts should not be used, a rescission will be proposed prior to the beginning of the fourth fiscal quarter. Only in exceptional cases will rescissions be proposed during the fourth quarter. All proposed rescissions must be approved by the OMB.

D. If amounts actually becoming available are less than anticipated for indefinite budget authority, transfers, reimbursements, or recoveries, the difference will be deducted from amounts apportioned and not from amounts deferred or otherwise unapportioned, unless specific provision is made for a different treatment on the approved apportionment form or reapportionment action is taken. Whenever it is determined that a deferred amount will not be required to carry out the purposes of the appropriation or other authority, it will be recommended for rescission as required by law (31 U.S.C. 1512 and 2 U.S.C. 683).

020702. Rescissions

A. The Impoundment Control Act specifies that, whenever the President determines that all or part of any budget authority will not be required to carry out the full objectives or scope of programs for which it is provided, the President will propose to the Congress that the funds be rescinded. Likewise, if all or part of any budget authority limited to a fiscal year (e.g., annual appropriations or budget authority for the last year of multiple-year accounts) is to be reserved for the entire fiscal year, a rescission will be proposed. Budget authority also may be proposed for rescission for other reasons. Generally, amounts proposed for rescission will be withheld during the time the proposals are being considered by the Congress. This may be accomplished through OMB apportionment action and through agency withholding action.

B. All funds proposed for rescission, including those withheld, must be reported to the Congress in special messages. Positive action in the form of an enacted law must be completed to rescind funds. If both houses of the Congress have not completed action on a rescission proposed by the President within 45 calendar days of continuous session, any funds being withheld must be made available for obligation.

020703. DoD Policy

OMB Circular No. A-34 recognizes the possibility of agency deferrals that are not identified in connection with the apportionment process. These are categorized as deferrals of funds provided for a specific purpose or project when such deferral would result in obligation for such specific purpose or project at a pace significantly slower than intended by the Congress. Since it is the policy of the Secretary of Defense to obligate programs consistent with

the expressed intent of the Congress, this category of action should not take place within the Department. Strict adherence to this policy, however, does not preclude the continuance of prudent administrative actions reflected on financial authorizations that affect the timing of obligations for reasons related to the routine financial management of an appropriation, program, or project or to comply with procurement regulations or sound procurement practices. Any action taken in this regard must consider the intent of the Congress in providing funds as the primary criterion in determining whether a reportable deferral exists. Accordingly, DoD officials responsible for such actions must, at all times, be ready to support these judgments to any reviewing authority.

Fiscal Year: 1996

Standard form 132
(Revised September 1995)
Office of Management and Budget
Circular No. A-34

OSD No.

APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY	APPROPRIATION OR FUND TITLE AND SYMBOL
DEPARTMENT OF DEFENSE	**Aircraft Procurement, Air Force**
BUREAU DEPARTMENT OF THE AIR FORCE	**57 6/8 3010**

DESCRIPTION	AMOUNT ON LATEST SF 132	SUBMITTED BY COMPONENT	REQUESTED BY SECDEF	ACTION BY CMB
BUDGETARY RESOURCES				
1. Budget authority				
A. Appropriations				
B. Borrowing Authority				
C. Contract authority				
D. Net transfers, current year authority (+ or -)				
E. Other				
2. Unobligated balance				
A. Brought forward October 1				
B. Net transfers prior year balance, actual (+ or -)				
C. Anticipated transfers prior year balance (+ or -)				
3. Spending Authority from offsetting collections (Gross)				
A. Earned				
1. Collected				
2. Receivable from federal sources				
B. Change in unfilled customers' orders (+ or -)				
1. Advance received				
2. Without advance from federal sources				
C. Anticipated for rest of year:				
1. Advance for anticipated orders				
2. Without advance				
D. Transfers from trust funds:				
1. Collected				
2. Anticipated				
4. Recoveries of prior year obligations				
A. Actual				
B. Anticipated				
5. Temporarily unavailable pursuant to P.L.				
6. Permanently not available				
A. Cancellations of expired and no-year accounts (-)				
B. Enacted rescissions of prior year balances (-)				
C. Capital transfers and redemption of debt (-)				
D. Other authority withdrawn (-)				
E. Pursuant to P.L. (-)				
F. Anticipated for rest of year (+ or -)				
7. Total Budgetary Resources				
APPLICATION OF BUDGETARY RESOURCES				
8. Apportioned				
Category A: Memorandum Obligations:				
(1) First quarter				
(2) Second quarter				
(3) Third quarter				
(4) Fourth quarter				
Category B:				
(1)				
(2)				
(3)				
(4)				
(5)				
9. Withheld pending rescission				
10. Deferred				
11. Unapportioned balance of revolving fund				
12. Total Budgetary Resources				

Submitted..... Apportioned.....

Date: Date:

Exhibit PB-46

INSTRUCTIONS FOR PREPARATION OF SF 132
"APPORTIONMENT AND REAPPORTIONMENT SCHEDULE,"
IDENTIFIED AS EXHIBIT PB-46

1. Headings. All headings are self-explanatory.

2. Units of Entries. Display all amounts to the nearest dollar.

3. Column Entries. The DoD Components will make entries in the "Amount On Latest SF 132" and the "Submitted By Component" columns. The OUSD(C) will make entries in the "Requested By SecDef" column. Entries in the "Amount On Latest SF 132" column will be transcribed from the "Action By OMB" column of the most recently OMB approved SF 132 as adjusted by the OMB approved amounts on a Letter Apportionment or certain transfers which are automatically apportioned, if applicable. If it is necessary to request reapportionment when SFs 132 are pending at the OMB, the entries for the "Amount On Latest SF 132" column will be the amounts reflected in the "Requested By SecDef" column on the pending SF 132. All footnotes of a limitation nature relating to entries in the "Action By OMB" column of the most recently approved apportioned position will also be transcribed (if not being revised or deleted in the current action). Complete all entries in the "Amount On Latest SF 132" column even though OMB has not entered the values in the "Action By OMB" column (Lines 1 through 7).

4. Line Entries. The SF 132 contains 12 major lines of data. Lines 1 through 7 represents the value of actual and future budgetary resources contained within an account (usually by program year). Lines 8 through 12 represent the status of these same resources as relating to what is apportioned, what is withheld and what is not apportioned. Most lines are further subdivided in order to display a more definitive representation of a resource.

a. Line 1A - "Appropriations"

(1) Enter the amount of appropriations (excluding appropriations to liquidate contract authority) specified in an appropriations act or in a substantive act and becoming available on or after October 1 of the fiscal year and net of amounts of appropriations earmarked for payments on the principal of agency debt.

(2) Include any enacted supplemental appropriations and the portion of indefinite appropriations warranted by the Treasury Department. In the case of special fund accounts and trust fund accounts which have been designated as "available by the Treasury Department", enter the amount of receipts credited to the appropriation accounts (excluding amounts to liquidate contract authority).

(3) Include rescissions specifically identified to the account that are directed in appropriation language.

(4) This line is also used to reflect a reappropriation as the result of a nonexpenditure transfer or appropriation language.

(5) Enter the annualized level of budget authority provided by a Continuing Resolution prior to an appropriations act.

b. Line 1.B - "Borrowing authority." Enter the amount of new borrowing authority planned for the fiscal year. The amount can be definite or indefinite Treasury borrowing authority.

(1) For direct loan financing accounts, enter the estimated amount of Treasury borrowing needed to cover direct loan obligations not financed by offsetting collections.

(2) For guaranteed loan financing accounts, enter the amount of Treasury borrowing needed to cover any default claims that cannot be financed by unobligated balances or specific offsetting collections.

(3) For other revolving fund accounts, such as Homeowners' Assistance, enter the amount of indefinite borrowing authority anticipated to be obligated during the year.

c. Line 1.C - "Contract authority." Enter the amount of contract authority anticipated to obligated during the year. New budget authority will be reflected even though subsequent appropriations or collections credited to the account are used to liquidated contract authority obligated balances.

d. Line 1.D - "Net transfers, current year authority (+ or -)." Enter the net amount of transfers to (+) or from (-) the account when the source appropriations were made available in the current fiscal year. The entries on this line reflect nonexpenditure transfers between two Federal Government accounts (with the exception of trust funds). This line is also used to reflect reappropriations, as transfers, in the gaining and losing accounts. Individually list the transfer source or receiving account on Exhibit PB-49.

e. Line 1.E - "Other." Enter amounts of anticipated new budget authority under existing law, such as anticipated indefinite appropriations, anticipated new authority to spend agency debt receipts, or anticipated transfers of current year authority as specified by an OUSD(C) implementation document (data sheet). Do not include anticipated supplemental appropriations. As anticipated resources are realized, the amounts move from this line to the applicable realized resources line.

f. Line 2.A - "Brought forward October 1." Enter the unobligated balance of the account brought forward as of October 1 of the current fiscal year. When it is necessary to submit an SF 132 prior to the availability of data to be shown in the final SF 133 report as of September 30, use an estimate of the unobligated balance and identify as "EST." Otherwise, the entry on this line must agree with the unobligated balance shown in the September 30 final SF 133 report. This line applies only to no-year and unexpired multiple-year accounts.

g. Line 2.B - "Net transfers prior year balance, actual (+ or -)." Enter the amount of any unobligated balance of prior year authority actually transferred to (+) or from (-)

the account. This line is also used to reflect, as a transfer, a reappropriation in the gaining and losing accounts. The entry will not include transfers of appropriations enacted for the current fiscal year (shown on line 1.D). The entries on this line are nonexpenditure transfers. Individually list the transfer source or receiving account on Exhibit PB-49.

h. Line 2.C - "Anticipated transfers prior year balances (+ or -)." Enter the amounts of anticipated transfers of prior year balances as specified by an OUSD(C) implementation document (data sheet). Informal clearance by the OUSD(C) is required for inclusion of any anticipated transfer not specified in an implementation memo.

i. Line 3.A.1 - "Collected." Entries on this line will include a specific category of earnings whether or not subject to automatic apportionment.

(1) Enter the amount of (a) reimbursements and other income earned to date as reported on the most recent SF 133 for deliveries of goods or services that were recorded as collected, and (b) other income collected (as may be appropriate for certain accounts)

earned to date whether or not subject to automatic apportionment. This entry will include any amounts collected from the disposition of assets.

(2) For financing accounts, this will include the subsidy collected from the program account when loans are disbursed.

j. Line 3.A.2 - "Receivable from federal sources."

(1) Enter the amount of (a) reimbursements and other income earned to date as reported on the most recent SF 133 for deliveries of goods or services that were recorded as earned but not collected, and (b) other income earned but not collected.

(2) For direct loan financing accounts, enter the loan subsidy receivable as reflected on the SF 133. The entry is valid only prior to loan disbursement.

k. Line 3.B.1 - "Advance received." Enter the change in unfilled customer orders since October 1 accompanied by an advance as reflected on the SF 133.

l. Line 3.B.2 - "Without advance from federal sources."

(1) Enter the change in unfilled orders since October 1 not accompanied by an advance as reflected on the SF 133.

(2) For direct loan financing accounts, this amount will include the loan subsidy from the program account when the loan is obligated in the financing account.

m. Line 3.C.1 - "Advance for anticipated orders." There should not be a DoD entry on this line. Advances without orders are held in a deposit account until the order is received.

n. Line 3.C.2 - "Without advance." Enter the current estimate of all other orders to be received during the remainder of the fiscal year. The sum of lines 3.A.1 through 3.C.2 will equal the offsetting collection estimate approved in the President's Budget unless the SF 132 amends that position. There will be no entry on this line for which reimbursements are subject to automatic apportionment.

o. Line 3.D.1 - "Collected." There should not be a DoD entry on this line. No trust fund transfer to a general fund account currently is applicable in the Department.

p. Line 3.D.2 - "Anticipated." There should not be an entry on this line. No anticipated trust fund transfer to a general fund account currently is applicable in the Department.

q. Line 4.A - "Actual." Enter the amount shown as recoveries of prior year obligations from line 4.A of the latest SF 133.

r. Line 4.B - "Anticipated." Do not use this line without prior approval of the OUSD(C).

s. Line 5 - "Temporarily unavailable pursuant to P.L. (-)." Enter as a minus amount the portion of budgetary resources to be temporarily withheld from availability for obligation pursuant to a specific provision in law.

(1) This entry includes amounts not available for obligation in accordance with continuing resolution legislation. Enter as a negative, that portion of the annualized level not available for obligation.

(2) This entry will also include amounts whose availability for obligation is contingent by law upon the occurrence of a specified event, such as enactment of authorizing legislation, final sequestration determination, offsetting collection not available because of obligation limitations or other events specified by law.

Identify in the stub column the public law containing the restriction. The Impoundment Control Act and 31 U.S.C. 1512 are not valid authorizing citations for this entry.

t. Line 6.A - "Cancellation of expired and no-year accounts (-)." This line typically is left blank for apportionment and reapportionment requests.

u. Line 6.B - "Enacted rescissions of prior year balances (-)." This line will be used as necessary to reflect amounts of enacted prior year balance rescissions. Include rescissions of current year amounts on line 1.A.

v. Line 6.C - "Capital transfers and redemption of debt (-)." This line will be used as necessary to identify amounts transferred for principal repayments to the Treasury for borrowing outstanding. Do not include interest payments on this line.

w. Line 6.D - "Other authority withdrawn (-)." This line typically is left blank for apportionment and reapportionment requests and is used to reflect contract authority and borrowing authority withdrawals.

x. Line 6.E - "Pursuant to P.L. (-)." Enter amounts permanently canceled by law that are not included on other lines.

(1) When a general provision specifies a specific amount is to be reduced from more than one account and authorizes the agency head to distribute the reduction, enter the canceled amount on this line.

(2) Enter the amount permanently canceled to due final presidential sequestration order.

(3) Enter the amount of reappropriation to eliminate any double counting of authority due to entries included on lines 1.D or 2.B.

y. Line 6.F - "Anticipated for rest of year (+ or -)." This line typically is left blank when submitting DoD apportionment or reapportionment requests. Use of this line requires OUSD(C) approval.

z. Line 7 - "Total Budgetary Resources." Enter the sum of entries on lines 1.A through 6.F. This represents the total amount of budgetary resources available for apportionment in the current fiscal year..

aa. Apportioned: Category A - Lines 8.A.(1) through 8.A.(4). Theses lines are used for accounts designated to be apportioned on a calendar quarter basis.

(1) Enter the amounts requested to be apportioned for each calendar quarter in the fiscal year.

(2) When an account has been operating under a continuing resolution beyond the first quarter of the fiscal year, the line entries for the first and subsequent quarters will be bracketed and a single amount shown for the continuing resolution period.

(3) Reapportionment requests submitted for the purpose of revising amounts previously apportioned will show changes for current and subsequent periods only;

apportionments previously established are not subject to change after the close of the period for which the apportionment was made. When a reapportionment schedule is submitted for the purpose of revising the cumulative amount through the current period to an amount below the cumulative amount for the previous period, a minus figure for the current period will be shown.

(4) In the stub column, enter as a memorandum entry the amount of obligations incurred for the fiscal year as of the latest available date from the SF 133.

bb. Apportioned: Category B - Lines 8.B(1) through 8.B(5). Theses lines are used for accounts designated to be apportioned on a basis other than calendar quarters.

(1) When authority is apportioned on a basis other than quarterly time periods, identify in the stub column, the activity, function, project, object, or combination thereof on which apportionments will be based. When there is no subdivision of the amount apportioned, line 8.B(1), will be amended to read "Lump Sum."

(2) In the stub column, enter as a memorandum entry the amount of obligations incurred for the fiscal year as of the latest available date from the SF 133. Obligations will be displayed by the activity, function, project, object, or combination thereof on which the Category B apportionment is based upon.

cc. Line 9 - "Withheld pending rescission." Enter the amounts which are to be withheld in the current fiscal year and reported as proposed rescissions of budgetary resources. Refer to paragraph 020702 of this volume.

dd. Line 10 - "Deferred." Enter the amounts which are not requested for apportionment at the present time and which are reported as deferrals of budgetary resources. Refer to paragraph 020701 of this Volume.

ee. Line 11 - "Unapportioned balance of revolving fund. Enter the amount of budgetary resources available or creditable to the fund for the fiscal year but not apportioned in Categories A or B or restrictively being withheld. This line primarily is used for public enterprise funds and intragovernmental revolving funds. Additionally, for guaranteed loan financing accounts, enter the uninvested funding used as a reserve against guaranteed loan defaults.

ff. Line 12 - "Total Budgetary Resources." Enter the sum of entries on lines 8.A(1) through 11. This entry will be the same as the entry on line 7.

5. Footnotes. Footnotes to entries in all columns will be shown in an addendum that immediately should follow the SF 132.

APPENDIX B

INSTRUCTIONS FOR PREPARATION OF EXHIBIT PB-48 "ANALYSIS OF REIMBURSEMENTS"

1. Entries in column b will be the sum of entries in columns c and d.

2. Line 1 - "Total reimbursements." Enter in each respective column the totals of lines 2, 3, and 4.

3. Line 2 - "Earned." Enter in column b the sum of lines 3.A.1 and 3.A.2, SF 132, "Submitted By Component" column. Enter in columns c and d the appropriate amounts from column e, Reimbursements Earned, of the most recent "Report on Reimbursements" (DD-Comp(M) 725).

4. Line 3 - "Change in unfilled customer orders." Enter in column b the sum of lines 3.B.1 and 3.B.2, SF 132, "Submitted By Component" column. Enter in columns c and d the appropriate amounts from column f, Change in Unfilled Orders, of the most recent "Report on Reimbursements."

5. Line 4 - "Anticipated orders or earnings for rest of year." Enter in column b the amount from line 3.C.2, SF 132, "Submitted By Component" column. Enter the sum of lines 4.a and 4.b for each column.

a. Line 4.a - "As of the most recent SF 133 (Report On Budget Execution)." Enter in columns c and d, the appropriate amounts from column g, Anticipated Orders for Rest of Year, of the most recent "Report on Reimbursements."

b. Line 4.b - "Additional orders (or orders no longer anticipated)." Enter in columns c and d, the estimate of any additional orders or, as a negative number, orders no longer anticipated, based on information becoming available after preparation of the most recent "Report on Reimbursements" and SF 133.

6. Whenever there is an increase or decrease requested for reimbursable authority, a short explanatory statement is required at the bottom of the PB-48 or on a separate sheet of paper to provide reasons why the change to reimbursable authority is being requested.

APPENDIX B
ANALYSIS OF REIMBURSEMENTS

[Appropriation Title & Fiscal Year Program]
In Support of Apportionment No. _____
(In Dollars)

Reimbursements and Other Income	Reimbursements Subject to Apportionment		
	Total (Shown on S.F 132)	Foreign Military Sales Orders and Income	Other Orders and Income
(a)	(b)	(c)	(d)
1. Total reimbursements			
2. Earned or received			
3. Change in unfilled customer orders			
4. Anticipated orders or earnings for rest of year			
a. As of most recent SF 133			
b. Additional orders (or orders no longer anticipated) based on information which became available after preparation of most recent SF 133*			

An Analysis of Reimbursements is required with the SF 132 for each current year account requesting increases to the reimbursable program. Submit one copy of the analysis for each copy of the SF 132.

* When this line is used, a footnote explaining the supporting data for the estimate must be shown. The explanation should be based upon specific orders or cases where appropriate, or upon historical data where the estimate is based upon trends. A reference to such historical accounting data must be included.

Exhibit PB-48

APPENDIX C

SCHEDULE OF TRANSFERS
(In Dollars)
INSERT ACCOUNT TITLE HERE
19XX/19XX

This schedule is required whenever there are transfer amounts reflected on lines 1.D, 1.E, 2.B, or 2.C of the SF 132. Display: (a) the funding source and/or destination account; (b) dollar amounts; (c) description; (d) approval dates and (e) statutory authorities. Differentiate budget authority (B/A) transfers from unobligated balance (PY) transfers. Refer to information contained in appropriations act or on the "Data Sheet" which is enclosed with reprogramming action approval letters when preparing this schedule. Include not only the change requested on the SF 132 in process, but all transfers for the fiscal year to date.

(a)	Amount (b)	Project/Description (c)	Approval (d)	Statutory Authority (e)
B/A TRANSFERS (lines 1.D and/or 1.E)				
TO:				
Research, Dev, Test & Eval, Navy 19xx/19xx	-6,000,000	DD1415, 96-XXPA	Sec Def, Aug 2, 199-	P.L. 102-172, Sec 8006, 105 Stat. 1171 P.L. 102-190, Sec 1001, 105 Stat. 1454
FROM:				
Aircraft Procurement, Air Force 19xx/19xx	8,000,000	DD1415, 96-XXPA	Sec Def, July 10, 199-	P.L. 102-172, Sec 8006, 105 Stat. 1171 P.L. 102-190, Sec 1001, 105 Stat. 1454
TOTAL	**2,000,000**			
TRANSFERS OF PY BALANCES (lines 2.B and/or 2.C)				
FROM:				
Environmental Restoration Fund, Defense	6,000,000	DD1415-96-XXIR	Sec Def, July 10, 199-	P.L. 102-172, Sec XXX 105 Stat. 1158
TOTAL	**6,000,000**			

EXHIBIT PB-49

CHAPTER 3

APPROPRIATION TRANSFER AUTHORITIES

0301 GENERAL

In addition to the regular and supplemental appropriations that make funds available, the Congress has provided authority for transfers of funds, i.e., moving funds from one appropriation to another. This section identifies and describes the various transfer authorities that are available to the Department and prescribes action required to exercise transfer authority.

0302 TYPES OF TRANSFER AUTHORITIES

030201. Authority for nonexpenditure transfers may be included in permanent, one-time or recurring provisions of law. Most of the transfers within the Department, however, are made pursuant to authority granted in the annual Appropriations Act. Some of the transfer authorities are provided solely for administrative convenience and some allow no discretionary action. Basic responsibility for transfer of funds relating to nonexpenditure transfers will be assigned to the DoD Components from which the funds are transferred.

030202. Authority for Transfers Affecting Budget Availability

A. Congressionally Directed Transfers

This type of transfer is included in the applicable DoD Appropriations Acts, either in the General Provisions or in the language that enacts the individual appropriations. The Act itself then becomes the authority for DoD Components to process the transfer documents.

B. General Transfer Authority

The General Provisions sections of DoD Appropriations and Authorization Acts provide authority to transfer funds between appropriations, or between appropriation subdivisions approved in the Acts, upon determination by the Secretary of Defense that such action is necessary in the national interest; provided that such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than the items for which funds were originally appropriated, and in no case where the item for which funds are requested has been denied by the Congress. The Congress must be notified promptly of all transfers made under this authority. The Appropriations Act authority requires approval of the OMB; the Authorization Act authority does not include that requirement.

C. Transfers Between Working Capital Funds

Generally, the DoD Appropriations Act provides authority, during the current fiscal year, to transfer cash balances between working capital funds and the Foreign Currency Fluctuations, Defense and Operation and Maintenance appropriation accounts. Transfers may be made

between such funds in such amounts as may be determined by the Secretary of Defense, with the approval of the OMB, except that transfers may not be made unless the Secretary of Defense has notified the Congress of the proposed transfer. Except in amounts equal to the amounts appropriated to working capital funds in the Act, no obligations may be made against a working capital fund to procure war reserve material inventory, unless the Secretary of Defense has notified the Congress prior to any such obligation.

D. Transfer of Funds for Intelligence Activities

See Chapter 6, section 0606 of this Volume for intelligence-related transfer authorities.

E. Transfer Accounts

Various Appropriation and Authorization Acts have included language making funds available or transfer authority available for accounts such as Environmental Restoration, Defense; Drug Interdiction and Counter-Drug Activities, Defense; Foreign Currency Fluctuations, Defense; Foreign Currency Fluctuations, Construction, Defense; and the Defense Modernization Account.

F. Transfer of Funds and Personnel for Functional Transfers Within the Department of Defense

When a transfer of function, power, or duty is made within the Department of Defense from one Military Department or Defense Agency to another, pursuant to the authority of Title 10, United States Code, section 125, balances of appropriations and civilian employee positions, that the Secretary of Defense determines are available and needed to finance and perform that function, power, duty, or activity, may be transferred, with the approval of the President (as delegated to the OMB). Funds transferred to the department or agency to which that function, power, duty, or activity, as the case may be, is transferred, and used for any purpose for which those appropriations were originally available shall be made in accordance with Title 10, United States Code, section 126 (see Chapter 4 of this Volume).

G. Transfer of Funds for Functional Transfers Between Government Agencies

Title 31, United States Code, section 1531 (a) provides similar authority to 10 U.S.C. 126, above, limited to appropriations. Title 31, United States Code, section 1531 (b) provides that the head of the agency, with the President's approval, determines the amounts to be transferred in the case of intra-agency transfers and that the President determines the amounts to be transferred in the case of inter-agency transfers.

H. Transfer of Funds to Other Departments and Agencies: Limitation

Title 10, United States Code, section 2215 provides that funds available for military functions of the Department of Defense may not be made available to any other department or agency of the Federal Government pursuant to a provision of law enacted after November 29, 1989, unless, not less than 30 days before such funds are made available to such other department or agency, the Secretary of Defense submits to the House National Security and Senate Armed Services Committees and the Committees on Appropriations of the Senate and House of Representatives a certification that making those funds available to such other department or agency is in the national security interest of the United States.

0303 STATUS REPORT ON TRANSFER ACTIONS

In order to ensure that all required actions relating to transfers are accomplished in a timely manner, the OUSD(C)/P&FC will maintain and publish periodically a status report on transfer actions.

0304 ACTIONS RELATED TO EXERCISE OF TRANSFER AUTHORITY

030401. Proposals to exercise transfer authority should be submitted formally by the DoD Components to the OUSD(C) for processing. The submission must state the statutory authority for the proposed transfer.

030402. Secretary of Defense Determination

In most cases, authority is provided for transfer by the Secretary of Defense in amounts determined by the Secretary of Defense, or upon determination by the Secretary of Defense that certain conditions exist. Secretary of Defense determinations, when required, either will be obtained or signed by the OUSD(C). In processing SF 1151 transfer documents to the Treasury Department, the statutory authority for the transfer must be cited, with references to documents constituting determinations and copies of the associated OMB or Presidential approvals when required.

030403. OMB/Presidential Approval

Where the statutory authority requires a determination or OMB/Presidential approval for the transfer, the OUSD(C) will obtain the necessary approval. The OMB approval may also include the apportionment of funds.

030404. Reprogramming Actions

Reprogramming actions (DD 1415) made pursuant to provisions of Chapter 6 of this Volume, will be submitted whenever necessary to provide accountability for increases or decreases between DoD appropriations. Accordingly, reprogramming actions are required to reflect transfer amounts that are not congressionally directed. The timing for submission of the DD 1415 depends upon the nature of the transfer and the amount involved.

030405. Processing of SF 1151 Documents

A. Except as stated below, SF 1151 documents transferring funds between DoD appropriation and fund accounts should not be processed prior to the receipt of an OUSD(C) memorandum directing that such action be taken. The following types of transfers may be made without prior approval of the OUSD(C):

1. Transfers of funds for functional transfers between government agencies (31 U.S.C. 1531) - when the request is initiated by a government agency other than the Department of Defense.

2. Transfers of obligational authority from one agency to a transfer appropriation account that is established in another agency to carry out the purposes of the parent appropriation or fund. Such transfers are not adjustments to budget authority or balances of budget authority.

B. DoD Components must assure that a copy of each SF 1151 is be furnished to the OUSD(C)/P&FC concurrent with distribution of the SF 1151 to the Treasury and affected organizations.

C. The memorandum from the OUSD(C) directing that an SF 1151 be processed will be addressed both to the transferring office and the recipient office, and will include the following information.

1. Identity of the transferring office.

2. Account from which funds are to be transferred and the recipient account.

3. Amount of the transfer in dollars.

4. Statutory references for the transfer authority.

5. Reference to enclosure of a Secretary of Defense determination, if applicable.

6. Reference to enclosure of an OMB approval, if applicable.

7. Statement of whether the action is a budget authority transfer, a reappropriation, or transfers of obligated or unobligated balances.

8. Request that a copy of the SF 1151 be provided to OUSD(C).

9. Statement as to the reprogramming action (DD 1415) serial number on which transfers are reflected.

10. Statement as to the applicable lines on the Apportionment and Reapportionment Schedule (SF 132) on which the transfer amounts must be reflected, when submitting the required schedule or subsequent reapportionments.

11. Statement as to the applicable lines on the Report on Budget Execution (SF 133) on which the transfer amounts must be reflected, when the transfer is made.

12. Statement as to the official responsible for issuance of the applicable fund authorization documents (e.g., EOB, DD 440, approval/deferral memos).

13. Statement that either the OUSD(C) or other applicable designee will make formal notification to the Congress of the amount transferred, if required by law.

030406. Notification to the Congress

A. When there is a statutory requirement that transfers be reported to the Congress, such notification is made to the President of the Senate and to the Speaker of the House of Representatives promptly by the OUSD(C) upon completion of transfer action. In accordance with informal arrangements between the Department of Defense and the cognizant Subcommittees of the Committees on Appropriations, a copy of the report is transmitted to those cognizant Subcommittees and to the House National Security and Senate Armed Services Committees.

B. It should be noted that, although transfers of funds pursuant to Title 10, United States Code, section 126 need not be reported to the Congress, transfers of functions pursuant to 10 U.S.C. 125 must be reported when there is a substantial reduction or elimination of a major weapons system. The OSD office submitting the transfer of function documents to the Secretary of Defense for approval is responsible for preparing documents to notify the Congress.

030407. Apportionment and Reapportionment Schedules

A. Pursuant to provisions of OMB Circular A-34 and Chapter 2 of this Volume, all approved and/or appropriated transfers will be reflected on Apportionment and Reapportionment Schedules (SF 132). For certain transfers specified in Chapter 2 (e.g., Foreign Currency Fluctuations, Defense or Environmental Restoration), the gaining and losing accounts automatically are apportioned and transfers will be reflected on subsequent schedules that are generated for other purposes during the year.

B. Each Apportionment and Reapportionment Schedule submitted must show all transfers processed to date. The SF 132 is processed concurrently for both the gaining and losing appropriations.

030408. Guidance on SF 133 Treatment

Although OMB Circular A-34 does not contemplate that transfers will be included on the "Report on Budget Execution" (SF 133) until the SF 1151 action is completed, transfers may be included on the SF 133 on an anticipated basis when all statutory requirements for the transfer have been met but prior to the processing of the SF 1151. Decisions relating to anticipated transfers on the SF 133 will reflect the agreed-upon position of the OUSD(C) and the OMB.

030409. Fund Authorization Documents

Changes will be made to the EOB, DD 440, etc., to reflect program adjustments resulting from the transfers, as determined by the cognizant Program/Budget appropriation director in the OUSD(C).

CHAPTER 4

FUNCTIONAL TRANSFERS

0401 STATUTORY AUTHORITY

Under the provisions of Title 10, United States Code, section 125, the Secretary of Defense is authorized to transfer, reassign, consolidate or abolish any function, power or duty vested in the Department. Whenever a transfer of function, power or duty is accomplished under the authority of Title 10, U.S.C. 125, balances of appropriations and civilian employees, that the Secretary of Defense determines are available and needed to finance and perform that function, power, duty or activity, may be transferred, with the approval of the President as delegated to the OMB in accordance with Title 10, United States Code, section 126.

0402 TYPES OF TRANSFER AUTHORITIES

040201. Fund adjustments necessitated by a transfer of functions during a current year should be handled to the extent possible on a reimbursable basis. Only when financing of such transfers through the reimbursement process presents serious burdens or involves significant amounts should a transfer of funds be requested.

040202. When transfers of funds are necessary as a result of transfer of functions under Title 10, United States Code, section 125, it will be the responsibility of the receiving DoD Component to request that the USD(C) obtain the necessary determination and approval for the transfer of funds. The request shall be prepared in accordance with Title 10, United States Code, section 126 and the provisions of Chapter 3 of this Volume and contain a statement that the DoD Components concerned have agreed to the amounts proposed for transfer. A copy of the Secretary of Defense approval of the transfer of functions (under 10 U.S.C. 125) should accompany the request.

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CHAPTER 5

SPECIAL MILITARY CONSTRUCTION/FAMILY HOUSING FUND RELEASE PROCEDURES

0501 GENERAL

This chapter provides guidance on the fund release and the project approval procedures applicable to the military construction and family housing appropriations.

0502 OVERVIEW

050201. Fund approval for the military construction and family housing construction accounts will be accomplished by the submission of a request from the cognizant DoD Component in a format 460 to the ODC(P/B), Directorate for Construction, OUSD(C). An example of this format, and the instructions for its completion, are included in Appendix A of this chapter.

050202. A format 460 need not be submitted for the family housing annual accounts. Fund approvals providing quarterly limitations by budget activity for these accounts will continue to be accomplished by OUSD(C) memoranda.

050203. Upon OUSD(C) review of the DoD Component submission, a fund approval will be issued to the requesting Component to provide obligational authority corresponding to the action taken on the request as reflected in the OSD approved column of the format 460. A copy of the format 460 will be attached to the fund approval. A sample of the fund approval is provided in Appendix B.

050204. The approval document limits the authority to incur obligations. Further, obligations will not be incurred prior to the receipt of the fund approval document or in excess of the amounts shown therein.

0503 SUBMISSION REQUIREMENTS

A fund release will be required whenever a DD Form 1105 is submitted, when resource realignments exceed the established below threshold reprogramming limitations, or when requesting fund release for projects previously apportioned but for which funds were withheld by OUSD(C) on a previous fund release request.

APPENDIX A
INSTRUCTIONS FOR FORMAT 460
"MILITARY CONSTRUCTION/FAMILY HOUSING PROGRAM FUND APPROVAL"

1. Requirement. A format 460 is required for all Military and Family Housing Construction accounts. It will be executed in project detail for the major construction and new construction budget activities and executed as a lump sum for all other budget activities. The format is intended to provide a complete listing of all the disposition of the funds provided by the applicable appropriation act and includes all reprogrammings.

2. Entries. Columnar entries shall be as follows:

a. Installation/Projects. Display the name of the installation and the project title. If there is more than one project at an installation or activity, the installation or activity title should not be repeated. The project listing should be in state sequence with the same installation and project nomenclature appearing in the Construction Annex C-1. The centrally managed allotment (CMA) for foreign currency fluctuation should be shown as a separate entry at the end of the project listing.

b. Special Interest. The special interest column should contain an asterisk if the project was reduced by either chamber of the Congress during the enactment process or was indicated to be of special interest in a congressional report.

c. Appropriated Amount. The amount shown in this column must be consistent with the amount shown for the project in the C-1. The total of all amounts shown in this column must correspond to the amount provided in the applicable appropriation act covered by the apportionment/reapportionment exhibit. If the amount appropriated and authorized for a project differs, the amount authorized will appear parenthetically below the amount appropriated. For the foreign currency fluctuation CMA this line is blank.

d. Formal Reprogramming. If the project appears in a formal reprogramming request, either as a recipient of funds or as a source of funds, enter the adjustment in this column which shall be consistent with the amount shown in the reprogramming request. Split funding refers to a project funded using more than one appropriation. If projects have been split funded, only the amount of resources covered by the apportionment should be identified against the project and the project appropriately footnoted.

e. Below Threshold Reprogramming. This column is similar to the previous column; however, it is used when the project never appeared in a formal reprogramming request, i.e., resources have been realigned below the threshold requiring prior approval.

f. Previously Approved. This column represents the amount currently apportioned against the project--the amount appearing on the latest format 460 formally

submitted to OUSD(C). Split funded projects will show only the resources from the fiscal year covered by the apportionment and will be footnoted to indicate where the balance of resources resides. This column will be totaled and the sum will equal the amount reflected on the appropriate line in block 8, column b of the most recent DD Form 1105. Apportionment is automatic for the foreign currency fluctuation CMA and is to be reflected in the next DD Form 1105 submission.

g. Proposed. This column represents the amount being requested for apportionment against this project. The column will be totaled and the sum will equal the amount reflected on the appropriate line in block 8, column c of the DD Form 1105.

h. Quarter Award. Enter the quarter and fiscal year in which the project was awarded or is expected to be awarded. For the foreign currency fluctuation CMA this column is blank.

i. OSD Approved. OUSD(C) will indicate the amount approved in this column.

j. Symbol. Enter the Treasury code for the account for which obligational authority is being sought. For example, 21 8/2 2050 would represent the FY 1988 Military Construction Army account. The Defense Agencies should include the limitation separated by a period from the 4-digit Treasury code. For example, 97 8/2 0500.1400 would represent FY 1988 Military Construction Defense Agency funds provided to the Defense Medical Facilities Office.

k. Submission No. The first two digits of the submission number should equate to the last two digits of the fiscal year in which the format 460 is submitted. The middle digit(s) should equate to a period of availability or program year of the funds. For example, the FY 1988 program would be 8/2. The last digit(s) represent the submission number in that fiscal year. For example, the initial submission would be "1" and all subsequent submissions incremented accordingly.

MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAM/FUND APPROVAL	APPROPRIATION TITLE: SYMBOL: (j) (Dollars)				SUBMISSION NO. (k) As of:			
INSTALLATIONS /PROJECT(S) (a)	SPEC INT (b)	APPROPRIATED AMOUNT (c)	FORMAL REPROGRAMMING (d)	BELOW THRESHOLD REPROGRAMMING (e)	PREVIOUSLY APPROVED (f)	PROPOSED (g)	QTR AWD (h)	OSD APPROVED (i)

Format 460

MEMORANDUM FOR:

MILITARY CONSTRUCTION			
PROGRAM YEAR		OBLIGATION AUTHORITY	
BUDGET ACTIVITY	OBLIGATION LIMITATION		
	Previously Approved	This Adjustment	Revised Approved *
Major Construction	$	$	$
Minor Construction	$	$	$
Planning	$	$	$
Supporting Activities	$	$	$
Foreign Currency CMA	$	$	$
Total	$	$	$
* The amounts shown in the revised approved column represent limitations subject to the provision of Title 31, United States Code, Section 1517, the Antideficiency Act. Obligations are not to be incurred beyond the revised approach amounts shown for each budget activity without the specific prior approval of the Office of the Under Secretary of Defense (Comptroller).			
Authorization No.	Date	Approved	

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CHAPTER 6

REPROGRAMMING OF DOD APPROPRIATED FUNDS

0601 PURPOSE

060101. This chapter establishes the policies of the Department for the reprogramming of appropriated funds. Guidance in this chapter reflects recognition by the Congress of the practice of reprogramming DoD funds covered in DoD Appropriations Acts as a necessary, desirable and timely device for achieving flexibility in the execution of DoD programs. (See Chapter 7 for reprogramming policy for military construction and family housing funds covered by the Military Construction Acts.)

060102. Procedures are provided for establishing the base for reprogramming actions; submitting, approving, and processing reprogramming actions; and submitting a semiannual report of programs reflecting all reprogramming actions.

060103. The policy herein replaces reprogramming guidance formerly printed in the June 1992, Budget Guidance Manual (DoD 7110-1-M), that reflected policy contained in the DoD Directive 7250.5, dated February 5, 1990, and DoD Instruction 7250.10, dated January 10, 1980, which were canceled effective July 17, 1990.

0602 REPROGRAMMING DOCUMENTS IN GENERAL

060201. Base for Reprogramming Actions (DD 1414). The DD 1414 establishes the base from which reprogramming actions may be taken based on the DoD Appropriations Act. A Revised Base for Reprogramming Actions (DD 1414-R) also is prepared as required to reflect subsequent supplemental appropriations acts. These documents should be footnoted to identify those items known to be of special interest to one or more of the congressional committees and those items specifically denied by the Congress.

060202. Reprogramming Actions (DD 1415). Reprogramming actions, upon approval of the Department, will be used to request the prior approval of (DD 1415-1) or provide prior notification (DD 1415-2) to the congressional committees. In addition, internal actions requiring audit-trail type actions (DD 1415-3) will be implemented by the Department.

060203. Report of Programs (DD 1416). This report reflects the congressionally approved programs as enacted, reprogramming actions which have been approved, congressionally directed undistributed amounts and transfers, and reprogramming of funds that are implemented by a DoD Component using below threshold reprogramming flexibility. This report is prepared twice yearly, as of March 31 and September 30.

0603 DETAILED PROCEDURES FOR BASE FOR REPROGRAMMING ACTIONS

060301. General. The Base for Reprogramming Actions (DD 1414) establishes the base from which reprogramming actions may be taken. It identifies line items for each appropriation covered in the DoD Appropriations Acts, except those appropriations having no budget activity subdivisions in the budget document presentation. In addition, accounts which are available solely for transfer to another appropriation for a specified purpose are excluded. A Revised Base for Reprogramming Actions (DD 1414-R) is prepared as required to reflect supplemental appropriations acts.

060302. Due Date. Following completion of congressional action on the DoD Appropriations Act, or a DoD Supplemental Appropriations Act, a memorandum will be transmitted to the Components to establish the due date and address any specific guidance, as appropriate. The DoD Components shall submit two copies (not the original) of the "Base for Reprogramming Actions" to the OUSD(C)/P&FC for review prior to submission to the congressional committees.

060303. Transmittal. Upon notification from the OUSD(C)/P&FC that the advance copy of the Base for Reprogramming Action is acceptable, or after the DoD Components have made any necessary changes, the originals and one copy of the DD 1414 will be submitted to the OUSD(C)/P&FC for printing and transmittal to the congressional committees. In some instances, copies of the DD 1414s are provided to the congressional committees for clearance prior to final printing. Each DoD Component shall provide an index and number the pages within each appropriation account and in sequence. Final printed copies will be distributed to the DoD Components.

060304. Security Classification. Each DoD Component will be responsible for proper security review and classification of its DD 1414. Each page will be given an appropriate security classification based solely on the data shown on that page, except for the first page of an account section having classified pages. In this instance, the first page shall be marked with the highest classification of the following pages and be footnoted to state that upon removal of pages (classified page numbers) the document will become unclassified. All other pages not having classified data shall be marked "Unclassified." Classified data listed may not be higher than "SECRET" and should be bracketed using black lead pencil. The classifying activity and the appropriate downgrading instruction shall be shown on each page that is classified.

060305. Detailed Instructions for Preparation of the DD 1414. Detailed instructions for the Base for Reprogramming Actions for the initial appropriations act are provided beginning with page 6-19. Detailed instructions for documenting supplemental appropriations acts using the DD 1414-R are provided at page 6-22.

0604 REPROGRAMMING ACTIONS

060401. Reprogramming Actions Requiring Congressional Approval. Two types of reprogramming actions, when approved by the Department, will be used to request the prior approval of, or notification to, the congressional committees. During FY 1991, the concept of an "omnibus" reprogramming action (prior approval) was initiated to streamline the reprogramming process for the congressional committees and the Department. Specific approval of the USD(C) is required on all reprogramming actions prior to submission for approval to the House National Security and Senate Armed Services Committees, House and Senate Committees on Appropriations, and House and Senate Committees on Intelligence. The following defines those actions requiring prior congressional approval or congressional notification.

A. Reprogramming actions requiring prior approval of the congressional committees (DD 1415-1) are actions involving the application of funds, regardless of the amount, which:

1. Increase the procurement quantity of a major end item, such as an individual aircraft, missile, naval vessel, tracked combat vehicle, and other weapon or torpedo and related support equipment for which funds are authorized. (In such cases where specific congressional language is provided allowing for additional quantities to be procured within

appropriated funds, increases to quantities for major end items shall be submitted to the USD(C) for approval as an internal reprogramming action.)

2. Affect an item that is known to be or has been designated as a matter of special interest to one or more of the congressional committees. (In rare instances, when funds from special interest items are required to be reprogrammed within the same program line item or program element, to an existing program or project, notification to the congressional committees may be made by letter. Letters shall be submitted to the congressional committees by the DoD Component involved only after advance coordination with the applicable OUSD(C)/(P/B) Directorate.)

3. Involve the use of general transfer authority. The DoD Appropriations and Authorization Acts include a general provision to transfer funds, known as general transfer authority. Transfers may be made between appropriations, or appropriation subdivisions approved in the Acts, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred. Transfer may be made upon determination by the Secretary of Defense that such action is necessary in the national interest; provided that such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than the items for which funds were originally appropriated, and in no case where the item for which funds are requested has been denied by the Congress. The Congress must be notified promptly of all transfers made under this authority. The general provisions of the Appropriations Acts require approval of the transfers from the OMB. (Exceptions to the use of a prior approval reprogramming action may apply for reclassification of programs to the proper appropriation for execution of the intended program or congressional adds and do not change the purpose for which the funds were originally appropriated. These actions, however, still require the use of general transfer authority and compliance with the provision in law.)

B. Reprogramming actions requiring notification to congressional committees (DD 1415-2) are actions involving changes in the application of funds within an appropriation in amounts (thresholds) greater than those agreed upon between the committees and the Department, as follows:

1. Military Personnel: A cumulative increase of $10 million or more in a budget activity.

2. Operation and Maintenance: A cumulative increase of $20 million or more in a budget activity. (In the past, the congressional committees have imposed a reprogramming decrease threshold from specific subactivity group categories. When this is the case, these threshold amounts are separately identified on the Base for Reprogramming Actions, DD 1414.)

3. Procurement: For any program year, a cumulative increase of $10 million or more in a procurement line item; the addition of a new procurement program of $2 million or more; an addition of a new procurement program estimated to cost $10 million or more within a three-year period; a cumulative decrease of more than $10 million, or 20 percent of the appropriated amount (inclusive of supplemental appropriations and rescissions), whichever of the two is greater; or the termination of any program which results in the elimination of a procurement program, or elimination of a subprogram $10 million or greater within a procurement program. (For new start programs less than $2 million for the entire effort, a notification letter to the congressional committees is required in advance of initiating the

program. For terminations of programs falling within the amounts normally allowed by "below threshold" reprogramming, then notification prior to any reprogramming shall be made by letter. Letters for new start programs or program terminations shall be signed by the notifying Component, after coordination of the OUSD(C).)

4. RDT&E: For any program year, a cumulative increase of $4 million or more in an existing program element; the initiation of a new program of $2 million or more, the addition of a new program whose cost is estimated to be $10 million or more within a three-year period; a cumulative decrease of more than $4 million, or 20 percent of the appropriated amount (inclusive of supplemental appropriations and rescissions), whichever of the two is greater; or the termination of any program which is equal to the total amount of the program element, or elimination of a subprogram or project $10 million or greater within such a program element. (For new start programs less than $2 million for the entire effort, a notification letter to the congressional committees is required in advance of initiating the program. For terminations of programs falling within the amounts normally allowed by "below threshold" reprogramming, then notification prior to any reprogramming shall be made by letter. Letters for new start programs or program terminations shall be signed by the notifying Component, after coordination of the OUSD(C).)

060402. Internal Reprogramming Actions. Reprogramming actions internal to the Department are audit-trail type actions (DD 1415-3) processed within the Department and serve various needs. One type is a reclassification of funds, not otherwise constrained by law or other provisions, and the action does not involve any change from the purpose justified in budget presentations to the Congress and appropriated by the Congress. This reclassification may involve the realignment between different DoD appropriations and require the use of general transfer authority. Other internal actions include those involving reprogramming to or from transfer accounts, such as Foreign Currency Fluctuations, Environmental Restoration, and Drug Interdiction. A third type of reclassification reflects approval to increase quantities, when not otherwise requiring prior approval of the congressional committees.

A. Reclassification Actions. In certain instances, it is necessary to reclassify the application of funds, different from that shown in the budget justification material presented to the Congress and subsequently appropriated by the Congress. Such reclassifications do not involve any change in the substance of the program or amounts from the purposes originally contemplated and budgeted for, testified to, and described in the justifications submitted to the congressional committees, and subsequently appropriated by the Congress. These actions may also involve realignment of congressionally added programs that are more appropriately executed in a different program line or in a different account from which the funds were appropriated. In cases where the realignment is between DoD appropriations, then the use of general transfer authority would be involved, along with the legal requirements thereof.

B. Foreign Currency. Transfers are approved pursuant to authority provided by the Foreign Currency Fluctuations, Defense appropriation, as enacted in Public Laws 95-457 (92 Stat. 1236), 96-38 (93 Stat. 100), 97-377 (96 Stat. 1865), and 99-500 and 99-591 (100 Stat. 3341-116), to reflect fluctuations in currency exchange rates.

C. Environmental Restoration. Transfers are approved pursuant to the authority provided in the appropriation language for the Environmental Restoration, Defense appropriation, as enacted in DoD Appropriations Acts.

D. Drug Interdiction. Transfers are approved pursuant to the authority provided in the appropriation language for the Drug Interdiction and Counter-Drug Activities, Defense appropriation, as enacted in DoD Appropriations Acts.

E. Procurement Quantities. Approval for increases to procurement quantities for major end items, not otherwise requiring prior approval of the congressional committees, shall be provided through the use of an internal reprogramming action. A sample reprogramming action is provided at page 6-29.

060403. Detailed Instructions and Formats for Preparation of DD 1415. Detailed instructions for DD 1415s submitted for prior approval, notification, or as internal reprogramming actions are provided beginning with page 6-23. Incoming requests for the DD 1415-1, 2 and 3 reprogramming actions should be submitted in Microsoft Word format with a disk to be provided along with the original DD 1415. Templates are available by contacting the OUSD(C)/P&FC point of contact for reprogrammings.

060404. Submittal by Components. Military Departments must submit their proposed DD 1415 action formally by memorandum addressed to the USD(C) from the Assistant Secretary (Financial Management and Comptroller) of the Military Department. Requests from a Defense Agency should be signed by its Comptroller (or equivalent official). The due date for the "omnibus" reprogramming action will be addressed by separate memorandum. For all reprogramming actions, the original, two copies, and the security review copy are to be handcarried to the OUSD(C)/ P&FC for processing.

A. The DoD Component memorandum shall include the following:

1. Exceptions outside the "omnibus" process, before or after the submission date to the congressional committees, will only be made for those actions involving critical requirements or unforeseen circumstances that due to contract award dates or other time sensitive reasons cannot wait for implementation of the "omnibus." In these cases, individual reprogramming actions will be entertained, and the transmittal memorandum must clearly define the urgency of the requirement.

2. A statement that the reprogramming document has been cleared by the Director for Security Review, Office of the Assistant Secretary of Defense (Public Affairs). The copy showing the original security stamp of approval should accompany the transmittal memorandum.

3. A statement to the effect that the reprogramming document has been coordinated with the appropriate intelligence activities within the respective DoD Component and that the action does or does not affect an intelligence related activity.

4. Identification of any "new starts" being requested, and whether they were approved by PBD or other action.

B. All reprogramming actions that propose to use O&M resources as a source of funding for other requirements will be transmitted to the Director for Operations, J-3, The Joint Staff for review prior to submission to the OSD. The DoD Component memorandum transmitting the reprogramming action to the OSD will include the evaluation of The Joint Staff and indicate either that the O&M reprogramming should have no impact on readiness or that the

benefit to readiness from the reprogramming increase should outweigh any negative readiness impact from the reprogramming decrease.

060405. OMB Approval. For the purposes of Prior Approval Reprogramming Actions (DD 1415-1), any reprogramming action requiring the use of general transfer authority will be forwarded by the USD(C) to the OMB for endorsement of the proposed transfer of funds. Such action will be taken prior to the OSD forwarding the action to the cognizant congressional committees. The USD(C) shall obtain formal OMB approval for the specific transfer of funds after congressional responses on the action are received and final results on implementation of the action are determined. For the purposes of Internal Actions (DD 1415-3), that do not require the approval of the congressional committees, but do use general transfer authority, the approval of OMB is received after signature of the reprogramming action by the USD(C).

060406. Signed DD 1415s. The USD(C) has authority to sign all reprogramming actions and upon signature the reprogrammings are returned to OUSD(C)/P&FC for dissemination. A DoD Serial Number, in sequence, will be assigned to the signed DD 1415. When the use of general transfer authority is involved, the DoD Serial Number is not assigned to the reprogramming action until after the endorsement or approval of the transfers is received from OMB.

060407. Distribution of the DD 1415. After receipt of the DD 1415 by the congressional committees a copy of the signed DD 1415 will be provided to the submitting DoD Component, with a note indicating the date the action was submitted to the committees.

060408. Congressional Committee Approval of DD 1415 Requests

A. Copies of the congressional committee approval letters will be forwarded to the applicable DoD Components and OUSD(C)/(P/B) appropriation directors. When the final committee approval has been received, an OSD implementation memorandum will be prepared.

B. No reprogramming request will be approved if the funds requested have been obligated or committed prior to congressional committee review and approval. The obligation of funds prior to consideration by the cognizant committees denies them a realistic option to deny the request. Such a procedure places the committee(s) in the position of having to approve the request or deny all funds for the continuation of the program in the latter part of the fiscal year. This practice is unfair and impinges upon the responsible committee's rights and responsibilities.

C. Approval for a Prior Approval Reprogramming Action (DD 1415-1) is obtained by letter from the congressional committees prior to implementation of the action. Each separate committee response is weighted the same and final implementation by OSD of the action reflects the lowest of the approvals received for proposed sources and increases. Often the action is implemented for less than originally requested due to the denial of sources.

D. Approval for a Notification Reprogramming (DD 1415-2) for the House Appropriations Committee, House National Security Committee, and House and Senate Intelligence Committees (when applicable) may be assumed after 15 days from receipt of the reprogramming action, unless a hold or objection is received from the committee. Senate Appropriations Committee (SAC) and Senate Armed Services Committee (SASC) approvals must be received in writing. An automatic hold is placed on each DD 1415-2 upon delivery to the SAC and SASC and may be removed only through correspondence obtained from the

committee. As is the case with the DD 1415-1, each separate committee response is weighted the same and final implementation of the results will be provided by OSD.

E. Reprogramming hearings and transcripts will be handled by each Component involved, unless there is an OSD principal witness.

F. If a reprogramming increase has been denied by the congressional committees, DoD policy prohibits use of a series of below threshold reprogramming actions as a means of financing the requested increase. However, in the case of the "omnibus," an increase approved by the congressional committees, but not funded within DoD due to a lack of congressionally approved sources, may be funded using below threshold authority so long as the below threshold reprogramming otherwise does not exceed a threshold limitation.

G. Approvals for an Internal Action Reprogramming (DD 1415-3) are assumed upon signature by the USD(C), except for those actions using general transfer authority. For those actions, OMB approval of the transfers involved must be obtained prior to forwarding an implementation memorandum to the submitting Component.

060409. Implementation Memorandums for Reprogramming Actions

A. After all approvals have been obtained for a reprogramming action, a memorandum to be signed by the USD(C), Deputy Comptroller (P/B) or Director, Program and Financial Control will be provided to the applicable Components. The memorandum will include instructions as to what extent the reprogramming action may be implemented.

B. If the reprogramming action includes an appropriation transfer, the memorandum will include instructions for processing the SF 1151 transfer document, and include a copy of the combined Secretary of Defense Determination and OMB Approval document approving the transfer.

C. When appropriate, the implementation memorandum to be signed will be coordinated through the appropriate OUSD(C)/(P/B) appropriation director, so that he or she will be aware that the DD 1415 has been approved by the Congress and funds may be released.

060410. Alternate Letters or Revised Actions for New Sources

A. Reprogramming actions may be submitted prior to or after the "Omnibus" Reprogramming Action. When sources are denied by a congressional committee, new sources to fund the requested increase may be submitted in DD 1415 format or letter format. Except in the most unusual circumstances, alternate sources for items denied in the "Omnibus" Reprogramming Action will not be submitted to the congressional committees.

B. Revised actions or letters for the signature of the USD(C) should be prepared by the submitting DoD Component. Normal reprogramming procedures apply for processing the revised actions or letters to the congressional committees.

C. The committees have asked that the same data that is furnished with the original submission be provided when identifying a new source of funds.

060411. Appeal to Congressional Committees. The USD(C) may appeal the decision of a committee on a reprogramming action. All proposed appeals to committees

initiated by a DoD Component shall be forwarded by memorandum to the USD(C) for further processing within the Department. Any action on a reprogramming subsequent to its original submission to the committees is subject to the same procedures as the original reprogramming.

060412. Withdrawal of Reprogramming Actions

A. When approval of a reprogramming action that was submitted to the congressional committees, but not fully approved, is no longer required, then that action should be formally withdrawn from congressional committee consideration. The need for withdrawal may result when too much time has elapsed for the proposed increase to go under contract or when proposed sources are needed to fund a higher priority reprogramming than that originally submitted.

B. Withdrawal letters for the signature of the USD(C) should be prepared by the submitting DoD Component. Normal reprogramming procedures apply for processing the letters to the congressional committees.

C. Sufficient rationale on the reason for withdrawal should be provided to the congressional committees so they will not question why the action was originally submitted for their approval. If the action already has been approved by one or more committees, letters should be written to those committees expressing appreciation for their approval.

0605 REPORT OF PROGRAMS (DD 1416)

060501. General. The Report of Programs (DD 1416) reflects the congressionally approved programs as enacted, reprogramming actions which have been approved by the Department and congressional committees, congressionally directed undistributed amounts and transfers, and reprogramming actions of lesser significance that are implemented by a DoD Component using below threshold reprogramming flexibility. The amounts on the DD 1416 for column "m" should be identical to the amounts on the Appropriation Status by Fiscal Year Program and Subaccounts, (DD 1002) for column "b" for comparable "as of dates" and stub entries. Amounts should only deviate when Secretary of Defense approved reprogramming actions have not received final congressional approval or when other reconcilable differences exist due to posting errors in the DD 1002.

060502. Due Date. The Report of Programs is submitted semi-annually as of March 31 and September 30 and will include all formal reprogramming actions approved by the Department through that date, together with below threshold reprogrammings made by the DoD Components through that date. The due dates for these reports shall be approximately 30 working days after the "as of dates." Specific dates will be announced by USD(C) memorandum to the DoD Components. The DoD Components will submit two copies (not the original) of the "Report of Programs" to the OUSD(C)/P&FC for review prior to submission to the congressional committees.

060503. Transmittal. Upon notification from OUSD(C)/P&FC that the advance copy of the Report of Programs is acceptable, or after the DoD Components have made any necessary changes, the original and one copy of the DD 1416 will be submitted to the OUSD(C)/P&FC for printing and transmittal to the congressional committees. Each DoD Component shall provide an index and number the pages within each appropriation account and in sequence. Final printed copies will be distributed to the DoD Components.

060504. Security Classification. Each DoD Component is responsible for proper security review and classification of its DD 1416. Each page will be given an appropriate security classification based solely on the data shown on that page, except for the first page of an account section having classified pages. In this instance, the first page shall be marked with the highest classification of the following pages and be footnoted to state that upon removal of pages (classified pages numbers) the document will become unclassified. All other pages not having classified data shall be marked "Unclassified." Classified data listed may not be higher than "SECRET" and should be bracketed using black lead pencil. The classifying activity and the appropriate downgrading instruction shall be shown on each page that is classified.

060505. Procurement Line Items "Items Less Than $2,000,000." Beginning in FY 1987, the content of the "Items Less" line item was increased from $900,000 to $2,000,000. Program or cost growth will be accommodated within the $9.999 million below threshold authority for the total line item value. The amount of growth of an individual program will not be restricted as long as the aggregate line item total does not exceed $9.999 million.

060506. Program Base Columns Reflecting Congressional Action. Beginning with the March 31, 1996, Report of Programs, changes due to supplemental appropriations and rescissions, will be shown in a separate column from the basic Appropriations Act. The combination of the "Program Base Reflecting Basic Congressional Action" and "Program Base Adjustments Reflecting Enacted Supplementals and Rescissions" columns shall be used for determining how much of the procurement and RDT&E appropriations can be decreased based on percentages when determining the amount that can be reprogrammed using below threshold authority.

060507. Detailed Instructions for Preparation. Detailed instructions for the DD 1416 are provided beginning with page 6-30.

0606 REPROGRAMMING OF INTELLIGENCE RESOURCES

060601. Intelligence Reprogramming Authorities and Flexibilities

A. Section 504 of the National Security Act of 1947 (50 U.S.C. 414): This section provides the authority to reprogram funds provided for an intelligence or intelligence related activity only if the funds being reprogrammed were specifically authorized for an intelligence or intelligence related activity. Therefore, funds appropriated but not authorized for an intelligence or intelligence related activity cannot be reprogrammed unless authorization is obtained statutorily. Only activities specifically identified in the Congressional Justification Books as modified by the schedule of authorizations contained in the classified annex or specific statutory authority referencing section 504, or incorporated as law by reference in the Intelligence Authorization Act for NFIP activities, or activities contained in the classified annex to the National Defense Authorization Act for JMIP and TIARA activities are considered to be authorized. Funds that are both authorized and appropriated for one intelligence, or intelligence related activity, may be reprogrammed to an intelligence or intelligence related activity that is considered to be a higher priority unforeseen requirement. Funds may not be reprogrammed for an intelligence or intelligence related activity that was specifically denied by Congress.

B. Section 104(c) of the National Security Act of 1947 (50 U.S.C. 403-4): This section prohibits reprogramming National Foreign Intelligence Program (NFIP) resources without the approval of the Director of Central Intelligence (DCI) except in accordance with procedures issued by the Director. Therefore, reprogrammings affecting NFIP resources must

contain the statement that "this reprogramming action affects elements of the National Foreign Intelligence Program and has the concurrence of the Director of Central Intelligence." DCI approval is only required for reprogramming NFIP resources, not Joint Military Intelligence Program (JMIP) or Tactical Intelligence and Related Activities (TIARA) resources. A reprogramming action affecting JMIP or TIARA resources must contain the statement "this reprogramming affects intelligence programs."

C. Section 104(d) of the National Security Act of 1947 (50 U.S.C. 403-4): This section provides the DCI with essentially the same authority as Section 5 of the Agency Act of 1949, described below; however, the section 104(d) authority is broader in that it provides the DCI with the authority to transfer funds appropriated for an NFIP program to another NFIP program with the approval of the Office of Management and Budget (OMB). Similar to the Section 5 authority, use of this authority does not require the submission of a reprogramming action (DD 1415), but does require notification to the House and Senate Appropriations Committees, House National Security and Senate Armed Services Committees and House and Senate Intelligence Committees.

D. Section 5 of the Agency Act of 1949 (50 U.S.C. 403f): This section gives the CIA authority to transfer to and receive from other government agencies such sums as may be approved by OMB for activities authorized under section 102(a)(2)(B) and (C), 103(c)(5) and (d), 104(a) and (g), and 303 of the National Security Act of 1947. This authority applies only when the CIA is either the transferring or receiving agency, not to the other transactions involving the NFIP. Use of this authority does not require the submission of a reprogramming (DD 1415) or the use of transfer authority, but does require notification to the cognizant six committees of the Congress.

060602. Procedures. Depending on the reprogramming of funds involved, prior approval may be obtained using a reprogramming action (DD 1415) or may be obtained through letters sent to the cognizant committees of the Congress.

A. The transmittal memorandum of an incoming reprogramming action from a DoD Component to the USD(C) shall state that the reprogramming document has been coordinated with the appropriate intelligence activities within the respective Military Departments or Defense Agencies and does (or does not) affect an intelligence related activity.

B. When intelligence resources are included in a reprogramming action, a statement regarding involvement of intelligence resources shall be included in the introductory paragraph of the DD 1415 reprogramming action. If the proposed reprogramming involves the National Foreign Intelligence Program (NFIP), the action must be coordinated with the Director of Central Intelligence and a statement to that effect must also appear in the first paragraph of the DD 1415.

C. The Office of Deputy Assistant Secretary of Defense (Intelligence and Security) shall develop, maintain, and distribute a composite listing of all JMIP and TIARA intelligence-related items. This list will be used by the OUSD(C)/(P/B) and all DoD Components to annotate the DD 1414, Base for Reprogramming Actions. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) has program responsibility for determining the applicability of these provisions to above or below threshold reprogramming actions that may affect intelligence or intelligence-related activities. Accordingly, the C4 Intelligence Support Activity (CISA) staff should be informed of all adjustments to intelligence programs prior to initiating an action.

D. National Reconnaissance Program. The National Reconnaissance Program (NRP) budget is a single program element, comprised of a number of major functional activities, each of which is treated as a virtual program element (hereafter known as "NRP programs"). For purposes of the NRP only, there are two separate definitions and procedures that apply, i.e., reprogramming and reallocation:

1. A reprogramming is defined as a transfer of appropriated funds either in or out of the NRP program element. The reprogramming of NRP funds is subject to the same rules and procedures that apply to the reprogramming of other DoD funds.

2. A reallocation is the transfer of appropriated funds between NRP programs within the NRP program element. The reallocation of NRP resources is subject to the following rules:

(a) All reallocations of NRP resources require the approval of the Executive Director for Intelligence Community Affairs, and review by the offices of the Under Secretary of Defense (Comptroller), the Under Secretary of Defense (Acquisition and Technology), and the Assistant Secretary of Defense (Command, Control, Communications and Intelligence), prior to submission of justification documentation to the House Permanent Select Committee for Intelligence, the Senate Select Committee for Intelligence and the House and Senate Appropriations Committees.

(b) Prior approval of the House and Senate Committees on Intelligence and Appropriations is required for the reallocations of appropriated NRP funds that: (1) increase the procurement quantity of an individual satellite system for which funds are authorized and appropriated, (2) affect an item that is known to be or is designated as a matter of special interest to one or more of the Congressional committees, (3) initiate a new program or (4) involves an increase of $4 million or more or a decrease of $4 million or more in a NRP program.

(c) A separate justification document will be prepared for each proposed prior approval reallocation request and provided to the Executive Director for Intelligence Community Affairs and the Under Secretary of Defense (Comptroller). The justification documents will be submitted to the House Permanent Select Committee for Intelligence, the Senate Select Committee for Intelligence and the House and Senate Appropriations Committees. Each justification document will contain the following information: (1) why the action is being submitted for prior approval, (2) a concise statement of the purpose of the action, (3) identification of the amount and source of funds to be reallocated, (4) identification of how the funds will be used, and (5) an explanation of why the action proposed is consistent with the fiscal year budget approved by Congress and signed by the President.

060603. Oversight. Per agreements between the various congressional committees, the House Permanent Select Committee on Intelligence (HPSCI) has jurisdiction over the NFIP, Joint Military Intelligence Program (JMIP), and the TIARA programs, while the Senate Select Committee on Intelligence (SSCI) has jurisdiction over the NFIP only. Therefore, NFIP reprogrammings, other than below threshold actions, must receive prior approval, or at least notify, the HPSCI, SSCI, HAC, and SAC, while reprogrammings affecting the JMIP and the TIARA program must receive prior approval, or at least notify, the HPSCI, SASC, HAC, and

SAC. However, as a matter of practice, the Department submits reprogramming actions to all six committees for the NFIP, JMIP, and TIARA programs for action and/or information.

060604. Below Threshold Reprogramming. Below threshold reprogramming limitations applicable to DoD appropriations (section 0608) also apply to the NFIP except when the below threshold action within an account crosses Agencies. In this instance, the below threshold transfer of funds between Agencies, but within the same account, requires the prior approval of all six committees. (Slight differences may apply for other than DoD funds.)

060605. Congressional Approval. Implementation of the requested actions; whether by reprogramming action, letter notification, or justification documentation will not take effect until the action has been approved or cleared by all applicable committees.

0607 REPROGRAMMING OF SPECIAL ACCESS PROGRAMS

060701. Provision in Law. Section 8008 of the FY 1996 DoD Appropriations Act states: "Funds appropriated by this Act may not be used to initiate a special access program without prior notification 30 calendar days in session in advance to the congressional defense committees."

060702. General. For other than reprogrammings of new starts, normal reprogramming procedures as described in this chapter apply to special access programs.

0608 BELOW THRESHOLD REPROGRAMMINGS

060801. Purpose. To provide DoD Components with the discretionary flexibility to realign, within prescribed limits, congressionally approved funding to satisfy unforeseen, higher priority requirements. As with formal reprogrammings (DD 1415s), below threshold actions should net to zero.

060802. Guidelines

A. Below threshold reprogrammings are minor actions not otherwise requiring congressional approval that may be accomplished within the DoD Components and are measured cumulatively over the entire obligational availability of the appropriation. Reprogramming thresholds apply to increases and decreases made to line items in the Procurement and RDT&E accounts. Below threshold amounts for the Military Personnel and Operation and Maintenance accounts are measured only by increases. Any action, when combined with other below threshold reprogrammings for the same budget activity, line item or program element, must not exceed the established threshold in total, except when thresholds are exceeded due to the provisions of the Closing Accounts Legislation (P.L. 101-510).

B. Threshold amounts agreed upon among the committees and the Department that may be reprogrammed by the DoD Components without the approval of the Secretary of Defense or congressional committees are as follows:

1. Military Personnel: Cumulative increases of less than $10 million in a budget activity for other than congressional special interest items.

2. Operation and Maintenance: Cumulative increases of less than $20 million in a budget activity for other than congressional special interest items.

3. Procurement: Cumulative increases of less than $10 million to a procurement program; or for decreases, the greater of either cumulative decreases of $10 million or less or the decrease of 20 percent of the appropriated level of the procurement line item (inclusive of supplemental appropriations and rescissions) for other than congressional special interest items.

4. RDT&E: Cumulative increases of less than $4 million to an existing program element; or for decreases, the greater of either cumulative decreases of $4 million or less or the decrease of 20 percent of the appropriated level of the program element (inclusive of supplemental appropriations and rescissions) for other than congressional special interest items.

C. Normal reprogramming thresholds will not apply based on Closing Accounts Legislation (P.L. 101-510) when currently available appropriations are used to fund obligations or adjustments to obligations which would otherwise have been funded from a canceled account before it was canceled. Within an appropriation, reprogramming thresholds may be exceeded in currently available appropriations for increases or sources used to finance the "Canceled Account Adjustments" line item. If reprogramming thresholds are exceeded for increases or sources to finance these obligations or adjustments to obligations, then column "k," "Below Threshold Actions not Requiring Approval by the SecDef or Committees" of the DD 1416 should be footnoted to indicate that the threshold amount has been exceeded due to canceled account adjustments.

D. If a reprogramming increase has been denied by the congressional committees, DoD policy prohibits the use of a series of below threshold reprogramming actions finance the requested increase. However, below threshold reprogrammings that preceded the congressional denial will be recognized as valid.

E. Below threshold reprogramming authority may be used to finance increases on reprogramming actions that were approved by the congressional committees, but were not able to be accommodated within the implementation process, so long as the below threshold reprogrammings otherwise do not exceed a threshold limitation, affect an item of special congressional interest, or have not been specifically denied by a congressional committee as a reprogramming source. This policy has evolved out of recognition of there being congressionally-approved increases within the "omnibus" reprogramming action that were unable to be funded in the USD(C) implementation memorandum, due to a lack of congressionally-approved sources.

0609 REPROGRAMMING NEW STARTS

060901. General. Congressional committees discourage the use of the reprogramming process to initiate programs. Except for extraordinary situations, consideration will not be given new start reprogramming requests for which the follow-on funding is not budgeted or programmed.

060902. Identification of New Starts. New starts should be identified in the DoD Component memorandum and the reprogramming action submitted to the USD(C). If the new start is included in the budget, the memorandum shall identify that fact along with the PBD number in which the action was addressed. If not included in the budget, identify that fact and explain why the action now is necessary.

060903. New Start Criteria

A. A program not previously justified and appropriated by the Congress through the normal budget process is considered to be a new start. Funding for new programs may not be done without some type of prior notification, either by letter for those new starts under $2 million for the entire cost of the new effort, or by notification reprogramming (DD 1415-2) for new starts $2 million or more for the entire effort, or more than $10 million over a three-year period.

B. The congressional committees expect to be notified whenever a DoD Component intends to initiate any new modification, except for those safety modifications which are expected to cost less than $10 million over three years.

C. A program effort in one year in the Procurement and RDT&E accounts may be extended into a subsequent fiscal year without constituting a new start. This is considered an extension of the effort initiated in the prior year program. When this occurs, the program should be footnoted as such on the semi-annual Report of Programs.

D. Due to the characteristics of Military Personnel and Operation and Maintenance programs, new starts seldom occur. New starts would be significant new programs, contracts, or activities that have not been explicitly justified to the Congress in budget justification material. An example may be the establishment of a Pacific Distribution System.

060904. Notification Reprogrammings (DD 1415-2). Notification Reprogrammings are required for actions, not otherwise requiring prior approval, for new programs or line items which:

A. Will result in estimated follow-on costs of $10 million or more within a three-year period for any RDT&E subproject or project, and procurement program.

B. Are additions of $2 million or more in any RDT&E subproject or project, or procurement program.

060905. Letter Notification. Advance notification by letter for new programs or line items not otherwise requiring prior approval (DD 1415-1) or notification action (DD 1415-2) will be made by the DoD Component involved to the House National Security and Senate Armed Services Committees and the House and Senate Committees on Appropriations.

A. Notification will be made by letter directly to the cognizant committees only after advance coordination with the applicable OUSD(C)/(P/B) Directorate. The letter must be signed by the same level authorized to transmit reprogramming actions to OSD. The signatory authority may be delegated to the senior financial manager or budget officer of the Component.

B. The notification letter should include a brief description of the total program being initiated, total program costs, proposed funding and procurement quantities by year, enough background information to demonstrate that the item is ready for research or procurement and an explanation of how subsequent years' funding will be provided, if the budget line is not included in the budget.

C. The notification letter should also provide a description of source of funds and why source funds are no longer needed and the impact.

D. Copies of the letters to the congressional committees must be furnished to the ODC(P/B) at the time of transmittal to the committees.

E. Approvals by the House and Senate Appropriations Committees and House National Security and Senate Armed Services Committees require a 30-day automatic hold.

F. The DoD Component may implement the subject reprogramming 30 calendar days after receipt by the cognizant committees unless notification to the contrary is received from a committee.

0610 PROGRAM TERMINATION

061001. Policy. The House and Senate Committees on Appropriations and the House National Security and Senate Armed Services Committees shall be notified of any program termination which results in the elimination of a procurement program or RDT&E program element, or a subprogram or project $10 million or greater within such a program line item, prior to any reprogramming from that program.

061002 Guidelines. If elimination of a procurement or RDT&E program element, or subprogram or project $10 million or greater within such a program line item, is reflected on a DD 1415 submitted to the congressional committees, then the DD 1415 serves the purpose of notification. If the amount of the termination falls within those amounts normally allowed through below threshold reprogrammings, then notification prior to any reprogramming may be made by letter. Procedures used for notification letters for below threshold new starts will apply. After coordination with ODC(P/B), the DoD Components shall transmit the notification letters directly to the congressional committees and transmit copies of the letters to ODC(P/B).

0611 REPLACEMENT OF ITEMS SOLD FROM INVENTORY

061101. Policy. The current budget policy requires that reimbursements cannot be used to replace end items sold from inventory if the replacement end item is not the identical type, model, and series designation unless a reprogramming action is approved by the congressional committees.

061102. Guidelines

A. The requirement for a reprogramming action for small dollar value end items where replacements vary only to a minor extent from the item sold has resulted in unnecessary paperwork and serves no substantive purpose. Replacement of items sold from inventory with a unit cost of less that $5,000 will be treated as a replacement-in-kind (RIK) if an improved model of the same end item is being procured, performs the same warfighting capability, and the inventory objective presented to the Congress is not exceeded. Items satisfying all of these criteria will be financed with the reimbursable proceeds of the sale of the end items issued from inventory without processing a DD 1415 reprogramming action. The amount applied toward the RIK may not be increased beyond the proceeds of that sale.

B. The requirement for a reprogramming action exists when an item of materiel is sold which will require replacement to compensate DoD inventories for the resultant loss of capability or readiness and the replacement item will not be identical to the item sold. It must, however, be a later series of "mod" designation of the same basic model (e.g., sale of a C-130A aircraft and purchase of a C-130E) or an acceptable substitute item used against the same inventory objective or authorized acquisition objective in requirements computations (e.g., sale of an M-48 tank and purchase of an M-60 tank). In this situation, the reimbursement from the sale will be included under reimbursable financing but the buyback of the replacement items must be shown as direct program financing.

C. Exceptions to the above guidance occur when authorizing language is specified in law, as in the instance of the FY 1993 DoD Appropriations Act. As part of the language on Procurement of Weapons and Tracked Combat Vehicles, Army, the Army was authorized to use proceeds from the sale of M-48 and M-60 series tanks for the M-1 Series Tank Upgrade Program.

0612 REPROGRAMMING POLICY FOR CLOSING ACCOUNTS LEGISLATION (P.L. 101-510)

061201. Definitions of Contract Changes for Reprogramming Purposes. For purposes of this reprogramming policy guidance, adjustments to amounts initially obligated in accounts, that now are expired, are categorized either as within-scope or change-in-scope contract changes. Within-scope changes generally are funded from the appropriation that originally financed the contract until cancellation. Change-in-scope contract changes are financed from appropriations currently available for obligation at the time the change is made. Specific guidelines for determining scope of work changes are defined in Chapter 8 of this Volume.

061202. Use of Currently Available Appropriations to Fund Contract Changes

A. Normal applicable reprogramming (DD 1415) procedures and thresholds will apply when currently available appropriations are used to fund contract changes.

B. Contract changes funded from currently available appropriations will be funded from, and reflected against, the current corresponding line item, program element or program applicable, or comparable, to the program for which the contract change is being made.

C. If an applicable corresponding program no longer exists in the currently available appropriation for the program for which the contract change is being made, a new line item for the program in question will be created to reflect the contract change adjustment. Reprogramming threshold procedures for this newly created line will be the same as for the creation of any other new line item.

D. Any line item or program can be the funding source for contract changes funded from currently available funds. However, the funding source line item or program will be subject to normal reprogramming thresholds.

061203. Use of Currently Available Appropriations to Fund Obligations or Adjustments to Obligations that Otherwise Would Have Been Funded from a Canceled Account Except it is Canceled.

A. Obligations or adjustments to obligations, which otherwise would be chargeable to an appropriation before it was canceled, shall be charged to an appropriation currently available for the same purpose. Specific limitations are as follows:

1. The sum of all such amounts funded from currently available appropriations shall not exceed the lower of (a) one percent of the originally appropriated amount of the current appropriation being charged or (b) the current unexpended balance of the canceled account.

2. For the purpose described in subparagraph 061203.A.1. above, the unexpended balance is the net of: (a) the sum of the unobligated balance plus the unliquidated obligated balance of the account at the time it was canceled and; (b) less any and all obligations incurred and payments made subsequent to the cancellation of the original account when such obligations and payments would otherwise have been properly charged to the appropriation had the appropriation not been canceled.

B. Normal reprogramming procedures (DD 1415) and thresholds will not apply when currently available appropriations are used to fund obligations or adjustments to obligations which would otherwise have been funded from a canceled account before it was canceled.

C. Charges to currently available appropriations for obligations or adjustments to obligations that would otherwise have been charged to canceled accounts shall be reflected in a line item on the Report of Programs (DD 1416) entitled "Canceled Account Adjustments."

1. Within an appropriation, reprogramming thresholds may be exceeded in currently available appropriations for increases or sources used to finance the "Canceled Account Adjustments" line item.

2. If reprogramming thresholds are exceeded for increases or sources to finance these obligations or adjustments to obligations, column "k," "Changes not Requiring Approval by Secretary of Defense" of the DD 1416 should be footnoted to indicate that the threshold amount has been exceeded due to canceled account adjustments.

3. The new line, "Canceled Account Adjustments," will be a separate line item or program element and added as an entry within a single budget activity. A memo line on the DD 1416 shall be shown under BA 5, PCS Travel for active military personnel appropriations, and under BA 4, Administration and Servicewide Activities for active O&M appropriations. For all other accounts which do not display line item detail, a memo line shall be shown under any single budget activity.

061204. Use of Expired Appropriations to Fund Contract Changes

A. An expired appropriation remains available for recording, adjusting and liquidating obligations properly chargeable to that appropriation until the appropriation is closed under 31 U.S.C. 1552. Accordingly, an expired appropriation may be used to fund within-scope contract changes properly chargeable to that appropriation in accordance with Chapter 8 of this Volume.

B. Expired Operation and Maintenance, Navy appropriations may be used to fund certain payments required because of changes in scope of work in connection with ship overhaul, maintenance, and repair work under 10 U.S.C. 7313.

C. For purposes of the Shipbuilding and Conversion, Navy appropriation, appropriation language normally provides for additional obligations to be incurred after the five years of obligational availability, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction.

D. There has been no requirement to submit reprogramming actions for expired accounts, and this policy shall continue.

0613 NATIONAL GUARD AND RESERVE EQUIPMENT ACCOUNT NOTIFICATION PROCEDURES

061301. General. In the National Guard and Reserve Equipment appropriation (NGREA), the Congress typically appropriates funds in lump-sum amounts to be used for aircraft and miscellaneous equipment, and requests submission of a detailed assessment of modernization priorities by each of the Reserve Component (RC) Chiefs. The Assistant Secretary of Defense (Reserve Affairs) (ASD(RA)) forwards the RC acquisition plans to the congressional committees, along with a consolidated equipment requirements list for all Reserve Components, called the Summary NGREA Acquisition Report.

061302. Procedures for Revisions to the Summary NGREA Acquisition Report

A. Procurement of any item not included in the Summary NGREA Acquisition Report for allocation of the funds appropriated in lump-sum amounts for aircraft and miscellaneous equipment cannot be initiated by a Component until the proper notification to the congressional committees is made.

B. Letters requesting a change to the initial report should be submitted by the cognizant Military Department Assistant Secretary (Financial Management and Comptroller) for the respective Reserve Component requiring a change from the initial allocation directly to the ASD(RA). The ASD(RA) shall obtain coordination from ODC(P/B) and transmit letters to the congressional committees.

C. Consistent with other procedures in place for letter notifications pertaining to new starts (section 060905 of this chapter), the following procedures for assuming approval by the committees shall apply.

1. Approvals by the House and Senate Appropriations Committees and the House National Security and Senate Armed Services Committees constitute a 30-day automatic hold.

2. The DoD Component may implement reprogramming 30 calendar days after receipt by these committees unless notification to the contrary is received from a committee.

061303. Program Line Items Specifically Identified in Congressional Committee Reports. Normal DoD reprogramming procedures apply for any reprogramming of funds affecting line items that specifically are identified by the Congress in committee report language.

UNCLASSIFIED
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BASE FOR REPROGRAMMING ACTIONS
(Dollars in Thousands)

Appropriation Account Title: *Enter the appropriation account title and program year.*

Fiscal Year Program: *Enter the fiscal year.*

Line Item	Program Base Presented to Congress in Printed Justification		Amended Changes Presented Prior to Final Congressional Action		Changes Reflecting Congressional Action/Intent		Program Base Reflecting Basic Congressional Action	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
a	b	c	d	e	f	g	h	i
PROGRAM								

The Base for Reprogramming Actions (DD 1414) establishes the base from which reprogramming actions may be taken. It identifies line items for each appropriation covered in the DoD Appropriations Acts, except those appropriations having no budget activity subdivisions in the budget document presentation. In addition, accounts which are available solely for transfer to another appropriation for a specified purpose are excluded. Details for this report follow:

Line item nomenclature and accompanying amounts for programs appropriated vary by account and should be shown as follows:

Active and reserve component military personnel appropriation accounts shall list budget activities as presented in the justification books. These line items will be followed by budget activity subdivisions or other line identifications to reflect congressional action by programmatic change. A total for each budget activity will be shown.

Operation and maintenance (O&M) active and reserve appropriation accounts shall list budget activities as presented in the justification books. These line items will be followed by budget activity subdivisions or other line identifications to reflect congressional action by programmatic change. A total for each budget activity will be shown.

Procurement appropriation line items will be the procurement line items shown on the "Procurement Programs" (P-1) document and arranged in the same order. The line items will be grouped by budget activity and a total will be shown for each budget activity.

Research, Development, Test and Evaluation appropriation line items will be the program elements shown on the "RDT&E Programs" (R-1) document and arranged in the same order. The program elements will be grouped by budget activity and a total will be shown for each budget activity. New program titles due to congressional adds shall be as reflected in the congressional reports or as part of an existing program element, whichever is appropriate.

Undistributed congressional reductions shall remain undistributed on the DD 1414. An entry will be shown under a category labeled "Undistributed Reductions" for each separate undistributed reduction made by Congress within the appropriation markup and for those undistributed reductions allocated by DoD based on provisions in law that reduced DoD funds for specific purposes. For O&M accounts, this normally applies for adjustments made by general provision. Undistributed reductions identified within an O&M account that are necessary to support the amount appropriated in an Act shall be distributed to the budget activity level. The "Undistributed Congressional Reductions" will be distributed on the subsequent March 31 DD 1416 in columns "h" and "i," "Changes Reflecting Congressionally Directed Undistributed Amounts and Transfers." Sometimes congressionally undistributed adds are made. These should be treated similar to undistributed reductions, with the category label changed to "Undistributed Adjustments" when this is applicable.

"Subtotal, Direct Program" follows the line item detail and is the sum of all program lines and the undistributed amounts.

"Reimbursable Program" shall be the amount presented in the justification materials to support the President's budget request for the fiscal year shown.

"Total Program, FY 19XX" is a total amount of the "Subtotal, Direct Program" and "Reimbursable Program" lines.

BASE FOR REPROGRAMMING ACTIONS
(Dollars in Thousands)

Appropriation Account Title: *Enter the appropriation account title and program year.*

Fiscal Year Program: *Enter the fiscal year.*

Line Item	Program Base Presented to Congress in Printed Justification		Amended Changes Presented Prior to Final Congressional Action		Changes Reflecting Congressional Action/Intent		Program Base Reflecting Basic Congressional Action	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
a	b	c	d	e	f	g	h	i
PROGRAM								

"Program Base Presented to Congress in Printed Justification" (columns "b" and "c"). For each line item in the Procurement and RDT&E appropriations, enter the amounts reflected in the P-1 and R-1. The Procurement line items should include applicable line item quantities. Military Personnel and Operation and Maintenance (O&M) appropriations will be by budget activity level and amounts will be obtained from the printed congressional justification books.

"Amended Changes Presented Prior to Final Congressional Action" (columns "d" and "e"). Enter the amount of increase (+) or decrease (-) to the line items or budget activities which were approved by the Secretary of Defense and formally presented to one or both of the Committees on Appropriations. Normally, such changes, involving a change in the budget estimate for the total appropriation, will be submitted to the Congress by the President as formal budget amendments, although in certain cases, such changes have been presented directly by the Secretary of Defense. Testimony on program changes by a DoD official other than the Secretary or Deputy Secretary of Defense shall be considered as an expression of personal opinion and not as an approved change, unless specifically approved by the Secretary of Defense for presentation to the Congress. This column shall only be used when directed by OSD.

"Changes Reflecting Congressional Action/Intent" (columns "f" and "g"). Enter the amount of increase (+) or decrease (-) for each line item reflecting congressional action as indicated in the Conference Report accompanying the DoD Appropriations Act or any other information as may be available to determine congressional action or intent regarding line item detail. In cases where the Congress has made general reductions, the amounts shall be included in the "Undistributed Reduction" section. (The amounts will be distributed by line item in the subsequent March 31 DD 1416, Report of Programs.) In the case of O&M appropriations, general reductions refer to adjustments made in general provisions. Nonspecific congressional adjustments included in appropriated amounts for an O&M account shall be allocated to the budget activity level. A line item covering 'fact-of-life adjustments' may be included for each budget activity to reflect other changes including program changes, price changes and intra-appropriation transfers.

"Program Base Reflecting Basic Congressional Action" (columns "h" and "i"). Entries will represent the arithmetic sum of the applicable entries from columns "b" through "f" and "c" through "g." Quantities and amounts in this column will become the first column "Program Base Reflecting Congressional Action" (columns "b" and "c") of the subsequent DD 1416 as of March 31 for the current fiscal year.

Quantities (Columns "b," "d" and "f"). Quantities are only applicable for the procurement accounts. When a procurement line item contains a quantitative measurement, then the quantity shall be reflected in the appropriate quantity columns for that line item. If no quantity is meaningful as a unit measurement, then the column value may be left blank. Quantities shall be obtained from the Conference Report accompanying the DoD Appropriations Act or Congressional Action FAD 728.

BASE FOR REPROGRAMMING ACTIONS
(Dollars in Thousands)

Appropriation Account Title: *Enter the appropriation account title and program year.*

Fiscal Year Program: *Enter the fiscal year.*

Line Item	Program Base Presented to Congress in Printed Justification		Amended Changes Presented Prior to Final Congressional Action		Changes Reflecting Congressional Action/Intent		Program Base Reflecting Basic Congressional Action	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
a	b	c	d	e	f	g	h	i
PROGRAM								

Stub Entries for this Financing Section may include some or all of the following types of transactions:

Budget Authority:

- Appropriation, P.L. 103-335
- P.L. 103-335, Sec. 8054(G)
- Appropriation, P.L. 99-177
- Transfers
- Reimbursable Orders

Total Financing, FY 19XX Program

Detail instructions for the above financing lines by column are as follows:

Column "c" for the appropriation and reimbursable orders lines shall be the same as the amounts in the President's budget Program and Financing statements .

Column "e" is rarely used; and when appropriate, instructions for this column will be provided.

Column "g" shall be the delta changes made by Congress or DoD for applicable appropriation or general provision changes.

Column "i" shall be the sum of the columns across and shall be column "c," "Program Base Reflecting Basic Congressional Action," on subsequent DD 1416s.

"Transfers" shown on the DD 1414 will only apply for those transfers included as part of the President's budget request or certain congressional action transfers. For example, these may include transfers in the budget from the National Defense Stockpile Fund or general provision transfers provided by the Congress in law that usually involve transfers to Shipbuilding and Conversion, Navy for newly established "micro" accounts from other appropriations. Generally, other congressionally-directed transfers are not reflected until preparation of the as of March 31 DD 1416, Report of Programs.

Footnoted Items. Extreme care should be used in footnoting items to ensure that congressional direction or intent is accurately reflected. Any congressional add or entire requested amount or partial requested amount that is fenced or identified as a special interest item is to be documented as such on the DD 1414. Footnotes will vary depending on congressional action/intent, i.e., an item may not be increased, or decrease, or increased or decreased, without congressional committee approval prior to implementation of a reprogramming of funds. The prior approval shall follow established reprogramming procedures. Congressionally denied items shall be noted by a single asterisk "" or double asterisk "**." The single asterisk shall be used only if the item denied was denied without prejudice. Increases to a single asterisk item may be made only after congressional prior approval. Double asterisk items are not available for reprogramming. All footnotes on the DD 1414 are to be carried over to the DD 1416 reports and remain in effect for subsequent DD 1416 reports unless documentation is provided indicating that the footnote is no longer applicable. Footnotes should be consolidated onto the last page of each account. This saves space and avoids repetition of the same footnote that may appear on several pages of an account.*

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REVISED BASE FOR REPROGRAMMING ACTIONS
(Dollars in Thousands)

Appropriation Account Title: *Enter the appropriation account title and program year.*

Fiscal Year Program: *Enter the fiscal year.*

Line Item	Program Base Reflecting Last Congressional Action		Increases to Program Reflecting Congressional Action/Intent		Decreases to Program Reflecting Congressional Action/Intent		Revised Program Base for Reprogramming	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
a	b	c	d	e	f	g	h	i
PROGRAM								

The Revised Base for Reprogramming Actions (DD 1414-R) is similar to the DD 1414, Base for Reprogramming Actions, and is prepared to document congressional action on supplemental appropriations acts, subsequent to the basic appropriations act. In general, the same report guidelines that apply to the DD 1414 are applicable to the DD 1414-R, i.e., undistributed congressional reductions and footnoted items. Details for this report follow:

Line item nomenclature should be the same as that reflected on the DD 1414 or DD 1416 for the program year in which the DD 1414-R changes apply. Military Personnel and Operation and Maintenance program changes shall be shown by budget activity along with line item identification to reflect congressional action by programmatic change. Procurement appropriation line items shall be the line item (P-1) and Research, Development, Test and Evaluation appropriation line items shall be the program element (R-1), except when subprograms are also required in order to reflect congressional special interest items. Program lines shall be listed for all lines corresponding to either programs DoD requested or programs Congress added or reduced.

"Program Base Reflecting Last Congressional Action" (columns "b" and "c"). For current year congressional action adjustments made prior to March 31, amounts shall be the last column of the current year DD 1414. For adjustments made to prior years, and to the current year after March 31, the combined first two numeric columns of the latest DD 1416 shall be the amount shown in this column of the DD 1414-R. The first two columns of the DD 1416 are the "Program Base Reflecting Basic Congressional Action" and "Program Base Adjustments Reflecting Enacted Supplementals and Rescissions."

Two separate columns reflecting congressional action "Increases Reflecting Congressional Action/Intent" (columns "d" and "e") and "Decreases Reflecting Congressional Action/Intent (columns "f" and "g") shall be used depending upon whether or not the congressional action was an increase or a decrease. If the same act provided supplemental appropriations and rescinded funds from the same program, show both increases and decreases to the program separately. These amounts will be reflected in subsequent DD 1416s in the column "Program Base Adjustments Reflecting Enacted Supplementals and Rescissions."

"Program Base Adjustments Reflecting Enacted Supplementals and Rescissions" (columns "h" and "i"). Entries will represent the arithmetic sum of the applicable entries from columns "b" through "f" and columns "c" through "g." Quantities and amounts in this column will become the second column "Program Base Adjustments Reflecting Enacted Supplementals and Rescissions" (columns "d" and "e") of subsequent DD 1416s as of March 31 or September 30 for the affected program years.

FINANCING

Stub entries for this Financing Section should include the type of transaction from the public law, i.e., appropriation or rescission, or general provision section number.

DD 1414-R
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REPROGRAMMING ACTION

Appropriation Account Title: *Gaining Appropriation Titles with Year Designations* (Includes Transfers)	**DoD Serial Number:** *To be filled in just prior to going to committees*

Component Serial Number: *Numbered by Component*	*(Amounts in Thousands of Dollars)*							
	Program Base Reflecting Congressional Action		**Program Previously Approved by SecDef**		**Reprogramming Action**		**Revised Program**	
LINE ITEM	**Quantity**	**Amount**	**Quantity**	**Amount**	**Quantity**	**Amount**	**Quantity**	**Amount**
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

This is a sample with instructions on details required for preparation of a "Prior Approval" reprogramming action (DD 1415-1) which requires congressional committee approval in writing prior to implementation of the committee responses. Specific approval of the USD(Comptroller) is required on all prior approval reprogramming actions and OMB endorsement is required for those involving transfers.

An introductory paragraph should include the following:

1. Why the action is being submitted for prior approval. (One or more of the following should apply.)

A. Increases the procurement quantity of a major end item, such as an individual aircraft, missile, naval vessel, tracked combat vehicle, and other weapon or torpedo and related support equipment for which funds are authorized. (Exceptions may apply when congressional language allows for procurement of as many missiles as funds will procure, which requires the submission of, and approval of an internal reprogramming action.)

B. Affects an item that is known to be or has been designated as a matter of special interest to one or more of the congressional committees.

C. Involves the use of general transfer authority and shall state which Acts are involved, for example, pursuant to Section 8005, Public Law 104-61, the FY 1996 DoD Appropriations Act and Section 1001, Public Law 104-106, the FY 1996 National Defense Authorization Act. When this is the case, the title of the DD 1415 shall include the phrase "Includes Transfers" to highlight the fact that transfers are involved, i.e., increases and decreases are from different DoD appropriations or legal subdivisions of an appropriation are being realigned.

2. A concise statement as to the purpose of the action.

3. A statement that the action is for a higher priority item, based on unforeseen military requirements, than that for which the funds were originally appropriated, meets all administrative and legal requirements of the Congress, and has not been denied by the Congress.

4. Indicate whether the action is (or is not) reflected in the President's budget.

Approved (Signature and Date)

REPROGRAMMING ACTION

Appropriation Account Title: Research, Development, Test and Evaluation, Air Force, 96/97 (Includes Transfer)	DoD Serial Number:

Component Serial Number: FY 96-1 PA	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by SecDef		Reprogramming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

5. A statement that the action affects the National Foreign Intelligence Program (NFIP), Joint Military Intelligence Program (JMIP) or Tactical Intelligence and Related Activities (TIARA), when such is the case. If the action affects NFIP, then a statement must be included that the action has the concurrence of the Director of Central Intelligence.

REPROGRAMMING INCREASES:

Appropriation and year designation

Budget Activity Number and Title

a	*b*	*c*	*d*	*e*	*f*

Explanation:

Details for each separate increase are as follows:

***a.** Line item titles. The title will be identical to the title shown on the "Base for Reprogramming Actions" if the line item is listed therein.*

***b.** Entries for "Program Base Reflecting Congressional Action" (columns "b" and "c"). For each line item, enter the procurement quantity (if applicable) and amount shown on the Base for Reprogramming Actions, for "Program Base Reflecting Basic Congressional Action." When a Revised Base for Reprogramming Action (DD 1414-R) has been prepared and submitted to the congressional committees to reflect a supplemental appropriations act, the entries in this column for affected programs will be the last column of the applicable DD 1414-R, (columns "h" and "i").*

***c.** Entries for "Program Previously Approved by SecDef" (columns "d" and "e"). Entries will be the first column "Program Base Reflecting Congressional Action" of the document plus any changes made by reprogramming actions approved by the Department. Specifically, the entries in these columns will be the same as those in the "Revised Program" columns (columns "h" and "i") of the most recently approved DD 1415 reprogramming action. If a reprogramming action is already in process in OSD affecting the same item, coordinate the revised program value to be used with the ODC(P/B)P&FC.*

REPROGRAMMING ACTION

Appropriation Account Title: Research, Development, Test and Evaluation, Air Force, 96/97 (Includes Transfer)	DoD Serial Number:

Component Serial Number: FY 96-1 PA	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by SecDef		Reprogramming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

d. Entries for "Reprogramming Action" (columns "f" and "g"). Enter the increase (+) or decrease (-) in quantity (if applicable) and amount of the proposed reprogramming action. The total increases and decreases must net to zero. Columns "f" and "g" are not allowed to contain classified quantities or amounts. Other material, if required, should be classified in order to allow columns "f" and "g" to remain unclassified.

e. Entries for "Revised Program" (columns "h" and "i"). Enter the adjusted quantity (if applicable) and the amount resulting from the proposed increase or decrease to the previously approved program.

f. The "Explanation" on the DD 1415 should include sufficient data to justify the proposed increase. The statements should be informative, clearly stated, and straightforward. The purpose of the written documentation should be to inform the reader; therefore, care must be taken to avoid confusing narratives. For each increase within the reprogramming, include explanations and justifications that are intended to serve the same basic purpose as "original budget justification." Accordingly, concise, accurate, and clearly stated information should be provided for reviewing officials and the congressional committees as to the nature, extent, and necessity of the requirements, the costs, and the proposed application of resources to meet such costs. All program increases should be described in such a way as to distinguish between price changes and program scope changes. Statements should be prepared and reviewed on the basis that classified data will not be included unless essential to justification of the reprogramming change.

Research, Development, Test and Evaluation, Air Force, 95/96

Budget Activity 4: Demonstration/Validation

0603851F ICBM - DEM/VAL	43,206	43,206	**+10,000**	53,206

Explanation: Funds are required to support the Rocket Systems Launch Program (RSLP) which converts surplus ICBMs into test launch vehicles for suborbital and sounding rocket launches. Funds are required to move 166 Minuteman II motors from Pueblo Depot, CO to Camp Navajo Depot, AZ because the Pueblo Depot is closing. As a result, proper storage and maintenance of environmental igloos for motor storage is no longer being maintained or guaranteed. Since the Camp Navajo Depot has been modified and is ready to accept motors, the motors must be moved to ensure proper storage and maintenance and to avoid unauthorized location of hazardous Air Force material.

REPROGRAMMING ACTION

Appropriation Account Title: Research, Development, Test and Evaluation, Air Force, 96/97 (Includes Transfer)	DoD Serial Number:

Component Serial Number: FY 96-1 PA	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by SecDef		Reprogramming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

Total Reprogramming Increase +10,000

REPROGRAMMING DECREASE:

Missile Procurement, Air Force, 96/98

Budget Activity 3: Modification of In-Service Missiles

MM III Modifications	29,344	29,344	**-10,000**	19,344

Explanation: These funds are excess to requirements as a result of the restructure of the Minuteman III Guidance Replacement Program (GRP). As a result of the restructure, procurement of long lead parts to support low rate initial production is not required until the second quarter of 1997. The MM III GRP program is adequately and appropriately funded to support a GRP production start in FY 1997. Accordingly, FY 1996 funds provided to procure long lead parts are available to finance higher priority requirements.

Note: All sources of financing will be clearly and explicitly identified in the DD 1415. A statement immediately following each proposed decrease in a line item shall include information as to the basis upon which it has been decided that the line item may be reduced.

Extreme care should be used in identification of sources to ensure that approved increases will be fully funded. For purposes of the "omnibus" reprogramming action, except in the most unusual circumstances, the USD(C) neither will request reconsideration of denied increases, nor submit alternative sources for any denied sources.

Total Reprogramming Decrease -10,000

APPROVAL POLICY FOR PRIOR APPROVAL REPROGRAMMINGS. For all congressional committees receiving the action, approval is obtained by letter from each committee prior to implementation of the action.

REPROGRAMMING ACTION

Appropriation Account Title: *Gaining Appropriation Titles with Year Designations*	DoD Serial Number: *To be filled in just prior to going to committees.*

Component Serial Number: *Numbered by Component*	*(Amounts in Thousands of Dollars)*							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

NOTIFICATION ACTION

This is a sample with instructions on details required for preparation of a "Notification Action" reprogramming action (DD 1415-2) which requires congressional committee notification for changes in the application of funds within an appropriation in amounts (thresholds) greater than those agreed upon between the committees and the Department. Thresholds by appropriation title are as follows:

Military Personnel: A cumulative increase of $10 million or more in a budget activity.

Operation and Maintenance: A cumulative increase of $20 million or more in a budget activity. (In the past, the congressional committees have imposed a reprogramming decrease threshold from specific subactivity group categories. When this is the case, these threshold amounts are separately identified on the Base for Reprogramming Actions, DD 1414.)

Procurement: For any program year, a cumulative increase of $10 million or more in a procurement line item; the addition of a new procurement program of $2 million or more; the addition of a new procurement program estimated to cost $10 million or more within a three-year period; a cumulative decrease of more than $10 million, or 20 percent of the appropriated amount (inclusive of supplemental appropriations and rescissions), whichever of the two is greater; or the termination of any program which results in the elimination of a procurement program, or elimination of a subprogram $10 million or greater within a procurement program. (For new start programs less than $2 million for the entire effort, a notification letter to the congressional committees is required in advance of initiating the program. For terminations of programs falling within the amounts normally allowed by "below threshold" reprogramming, notification shall be made by letter.)

RDT&E: For any program year, a cumulative increase of $4 million or more in an existing program element; the initiation of a new program of $2 million or more, the addition of a new program whose cost is estimated to be $10 million or more within a three-year period; a cumulative decrease of more than $4 million, or 20 percent of the appropriated amount (inclusive of supplemental appropriations and rescissions), whichever of the two is greater; or the termination of any program which is equal to the total amount of the program element, or elimination of a subprogram or project $10 million or greater within such a program element. (For new start programs less than $2 million for the entire effort, a notification letter to the committees is required in advance of initiating the program. For terminations of programs falling within the amounts normally allowed by "below threshold" reprogramming, notification shall be made by letter.)

Approved (Signature and Date)

Unclassified
CLASSIFICATION

REPROGRAMMING ACTION

Appropriation Account Title: Research, Development, Test and Evaluation, Air Force, 96/97	DoD Serial Number:

Component Serial Number: FY 96-1 N	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

NOTIFICATION ACTION

An introductory paragraph should include the following:

1. Why the action is being submitted for notification, e.g., "This reprogramming action is submitted for notification because it proposes an increase of $9.5 million to a program element, which exceeds the $4 million threshold"; or "This reprogramming action is submitted for notification because it adds a new start program."

2. A concise statement as to the purpose of the action.

3. A statement that the action is for a higher priority item, based on unforeseen military requirements, than that for which the funds were originally appropriated, meets all administrative and legal requirements of the Congress, and has not been denied by the Congress.

4. Indicate whether the action is (or is not) reflected in the President's budget.

5. A statement that the action affects the National Foreign Intelligence Program (NFIP) or the Tactical Intelligence and Related Activities (TIARA), when such is the case. If the action affects NFIP, then a statement must be included that the action has the concurrence of the Director of Central Intelligence.

6. Details for each increase and decrease item (a through f below) are the same as those shown on the "Prior Approval" instruction pages (see pages 6-22 and 6-23).

Budget Activity Number and Title

a ***b*** ***c*** ***d*** ***e*** ***f***

Explanation:

APPROVAL POLICY FOR NOTIFICATION REPROGRAMMINGS: For the House Appropriations Committee, House National Security Committee, and House and Senate Intelligence Committees (when applicable), approval may be assumed after 15 days from issuance of the reprogramming action, unless a hold or objection is received from the committee. In the case of the Senate Appropriations Committee and Senate Armed Services Committee, an automatic hold is placed on each action upon submittal to the committee and may be removed only through correspondence obtained from the committee.

REPROGRAMMING ACTION

Appropriation Account Title: Procurement, Marine Corps, 95/97	DoD Serial Number:

Component Serial Number: FY 95-1 IR	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

INTERNAL ACTION

SAMPLE IR FOR QUANTITY INCREASE:

This internal reprogramming action increases the quantity of Avenger fire units to be procured. This action will be reflected in the FY 1996/1997 President's budget.

REPROGRAMMING INCREASE:

Budget Activity 3: Guided Missiles and Equipment

Pedestal Mounted Stinger (Avenger)

	61	50,238	61	50,238	+20	-	81	50,238

Explanation: Due to favorable contract negotiations on the Avenger missile system the Marine Corps will be able to procure an additional 20 Avenger fire units within the available FY 1995 funding.

Total Reprogramming Increase +20

Approved (Signature and Date)

UNCLASSIFIED
CLASSIFICATION

REPORT OF PROGRAMS
(Dollars in Thousands)

Appropriation Account Title: *Enter the appropriation account title and program year.*

As of: *March 31, 19XX or September 30, 19XX*

Line Item	Program Base Reflecting Basic Congressional Action		Program Base Adjustments Reflecting Enacted Supplementals and Rescissions		Reprogramming Changes Approved by the SecDef and/or Congressional Committees		Changes Reflecting Congressionally Directed Undistributed Amounts and Transfers		Below Threshold Changes Not Requiring Approval by the SecDef or Committees		Total Revised Program (Columns b and c through j and k)	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
a	b	c	d	e	f	g	h	i	j	k	l	m
PROGRAM												

The Report of Programs (DD 1416) reflects the congressionally approved programs as enacted, reprogramming actions which have been approved by the SecDef and congressional committees, congressionally directed undistributed amounts and transfers, and reprogramming actions of lesser significance that are implemented by a DoD Component using below threshold reprogramming flexibility. Details for this report follow:

Line item nomenclature for programs financed within the appropriation account should be as follows: For March 31, titles/line entries for annual accounts and multi-year accounts in the first year of availability shall be exactly as shown in the preceding "Base for Reprogramming Actions" report. Additionally, any "new starts" reported to the Congress by notification letter or reprogramming action shall be listed as presented to the Congress. For multi-year accounts in the second year of availability or beyond, enter line items from the preceding DD 1416 report, plus any new line items from reprogramming actions. For September 30, titles shall be exactly as shown on the March 31 DD 1416 report, plus any "new starts" reported to the Congress by notification letter or reprogramming action. New items added on a DD 1414-R to reflect congressional changes due to enactment of supplemental appropriations acts should be included on subequent DD 1416s.

Single line item for "Canceled Account Adjustments." This will reflect adjustments for purposes of the use of currently available appropriations to fund obligations or adjustments to obligations that otherwise would have been funded from a canceled account except it is canceled based on the Closing Accounts Legislation (P.L. 101-510). A line entitled "Canceled Account Adjustments" will be a separate line item or program element and added as an entry within a single budget activity. A memo line on the DD 1416 shall be shown under BA 5, PCS Travel for active military personnel appropriations, and under BA 4, Administration and Servicewide Activities for active O&M appropriations. For other accounts which do not display line item detail, a memo line shall be shown under any single budget activity.

Undistributed amounts from the DD 1414 or DD 1414-R as a result of congressional action/intent shall be separately listed by subject matter and the lump sum amount shall be shown at the account level in columns "c" or "e" and netted out in column "i." The distribution by individual line item of this amount shall be reflected in column "i" of this report. Normally these undistributed adjustments do not impact quantities, but if there is a corresponding quantity change due to the undistributed amount, quantity adjustments shall be shown in column "h."

"Subtotal, Direct Program" follows the line item detail and is the sum of all program lines and the undistributed amounts.

"Reimbursable Program" is the amount carried forward from the DD 1414. Changes to the reimbursable program made by DD 1415, Reprogramming Action, shall be reflected in column "g" and all other changes to the reimbursable program, not requiring formal reprogramming actions shall be reflected in column "k."

"Total Program - FY 19XX" is a total amount of the" Subtotal, Direct Program" and "Reimbursable Program" lines.

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REPORT OF PROGRAMS
(Dollars in Thousands)

Appropriation Account Title: *Enter the appropriation account title and program year.*

As of: *March 31, 19XX or September 30, 19XX*

Line Item	Program Base Reflecting Basic Congressional Action		Program Base Adjustments Reflecting Enacted Supplementals and Rescissions		Reprogramming Changes Approved by the SecDef and/or Congressional Committees		Changes Reflecting Congressionally Directed Undistributed Amounts and Transfers		Below Threshold Changes Not Requiring Approval by the SecDef or Committees		Total Revised Program (Columns b and c through j and k)	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
a	b	c	d	e	f	g	h	i	j	k	l	m

"Program Base Reflecting Basic Congressional Action" (columns "b" and "c"). For both March 31 and September 30, line items shall be columns "h" and "i" of the DD 1414 for the applicable program year for annual and multi-year accounts. This amount shall remain unchanged throughout the existence of the DD 1416.

"Program Base Adjustments Reflecting Enacted Supplementals and Rescissions (columns "d" and "e"). Enter only deltas for those programs changed by congressional action outside the initial congressionally appropriated amount for amounts from subsequent enacted supplementals and rescissions. Changes shall be the same as those shown on the Revised Base for Reprogramming Actions (DD 1414-R) which separately documents changes based on enacted laws after the basic appropriations act and is submitted to the congressional committees. In addition, this column shall include transfers directed in the general provisions for Shipbuilding Cost Adjustments reflected in the DoD Appropriations Acts for the Shipbuilding and Conversion, Navy appropriation.

"Reprogramming Changes Approved by the SecDef and/or Congressional Committees" (columns "f" and "g"). Enter only delta numbers to reflect increases and decreases from DD 1415 reprogramming actions. This includes all DD 1415s, i.e. the Prior Approval (DD 1415-1), Notification Action (DD 1415-2), and Internal Action (DD 1415-3). For those reprogramming actions that have been approved by the SecDef (USD(C)) has been delegated authority to sign) and transmitted to the congressional committees, but are pending approval of one or more of the congressional committees, then the amount entered shall be the amount requested on the DD 1415 (increase and decrease) and be labeled as "a/" and footnoted with the following words: a/ Includes reprogramming action pending approval of one or more of the congressional committees. If a DD 1415 reprogramming action that was reflected in the President's budget is pending OSD approval, the amount entered should include the amount requested on the DD 1415 (increase and decrease) and be labeled as "b/" and footnoted with the following words: b/ Includes reprogramming action reflected in the budget pending OSD approval. Reprogramming actions pending approval within OSD and not included in the President's budget shall not be shown. Eventually, these columns will reflect the final results of approved reprogramming actions. In order to keep increases and decreases in balance, sometimes denials of proposed increases and decreases may not be reflected until the implementation of the reprogramming action has been finalized.

"Changes Reflecting Congressionally Directed Undistributed Amounts and Transfers" (columns "h" and "i"). Delta entries may include the accumulation of several independent actions: (1) The spread by line item of any congressional undistributed add or reduction which depending on language, may affect only a few programs or all programs, (2) Congressionally directed transfers that are to be made to or from agencies outside DoD or any other transfers of funds, which are not included on a DD 1415 action, (3) Funds transferred by letter to DoD appropriations, i.e., from the Defense Cooperation Account or between NFIP funds, (4) The collection of Small Business Innovation Research (SBIR) program resources into the SBIR program element, (5) Revised thresholds for expense/investment purchases. Internal controls within the DoD Components shall be maintained to identify the costs associated with each type of transaction. The distribution by line item of these columns may be changed to reallocate the undistributed amounts directed at account level if necessary, but only if not otherwise constrained by other guidance. Adjustments against congressional special interest items that require DD 1415s prior to implementing decreases (or increases), may be made but only in pro-rata amounts for across-the-board type adjustments.

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REPORT OF PROGRAMS
(Dollars in Thousands)

Appropriation Account Title: *Enter the appropriation account title and program year.*

As of: *March 31, 19XX or September 30, 19XX*

Line Item	Program Base Reflecting Basic Congressional Action		Program Base Adjustments Reflecting Enacted Supplementals and Rescissions		Reprogramming Changes Approved by the SecDef and/or Congressional Committees		Changes Reflecting Congressionally Directed Undistributed Amounts and Transfers		Below Threshold Changes Not Requiring Approval by the SecDef or Committees		Total Revised Program (Columns b and c through j and k)	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
a	b	c	d	e	f	g	h	i	j	k	l	m

"Below Threshold Changes Not Requiring Approval by the SecDef or Committees" (columns "j" and "k"). Delta entries in these columns relate to direct program changes not requiring above threshold reprogrammings, such as a DD 1415-1, DD 1415-2, or DD 1415-3. The amounts represent cumulative changes made within a DoD Components threshold authority, known as below threshold. Guidelines are as follows:

Cumulative amounts for each line item may not exceed established threshold amounts, except for adjustments made for "canceled account adjustments." When the threshold is exceeded due to canceled account adjustments, a footnote is required stating that the reprogramming threshold has been exceeded due to canceled account adjustments.

Changes to the direct program shall net to zero, except when below threshold authority has been used by a DoD Component to finance a congressionally approved increase that was approved on a reprogramming action (usually in regard to the DoD Omnibus Reprogramming Action). This may occur when there is a lack of approved sources to finance all the approved increases. In this case, the total direct program in column "k" will not net to zero. The increase financed by the below threshold action shall be recorded in the DD 1415 column of this report, "Reprogramming Changes Approved by the SecDef and/or Congressional Committees. The sum of these adjustments, for the two separate columns, shall be included against the appropriation line in the "Financing" section.

Changes to the reimbursable program or reimbursable orders, not requiring a formal DD 1415 are reflected in these columns.

"Total Revised Program (Columns b and c through j and k)" (columns "l" and "m"). Entries will represent the arithmetic sum of the applicalbe entries from columns "b" through "j" and "c" through "k." The revised program amount shall agree with the program amounts on the DD 1002, Appropriation Status by Fiscal Year Program and Subaccounts, as of the same time periods, March 31 and September 30, except for pending reprogramming actions.

Footnoted Items. All footnotes on the preceding DD 1414, DD 1414-R and DD 1416 reports shall be brought forward. If any footnote is omitted, the reason for doing so must be documented and provided to ODC(P/B)P&FC along with the DD 1416 submission; unless the footnotes represent the status of a reprogramming action, such as pending congressional approval or OSD approval.

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REPORT OF PROGRAMS
(Dollars in Thousands)

Appropriation Account Title: *Enter the appropriation account title and program year.*

As of: *March 31, 19XX or September 30, 19XX*

Line Item	Program Base Reflecting Basic Congressional Action		Program Base Adjustments Reflecting Enacted Supplementals and Rescissions		Reprogramming Changes Approved by the SecDef and/or Congressional Committees		Changes Reflecting Congressionally Directed Undistributed Amounts and Transfers		Below Threshold Changes Not Requiring Approval by the SecDef or Committees		Total Revised Program (Columns b and c through j and k)	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
a	b	c	d	e	f	g	h	i	j	k	l	m
Stub Entries for this Financing Section may include some or all of the following types of transactions:												
Budget Authority:												
Appropriation, P.L. 103-335												
P.L. 103-335, Sec. 8054(G)												
Appropriation, P.L. 104-6												
Rescission, P.L. 104-19 (Sec. 2007(b))												
Transfers												
Reimbursable Orders												
Total Financing, FY 19XX Program												

Detail instructions for the above lines are as follows:

The appropriation amount should agree with the amount enacted in the basic appropriations act. The amount will be the same for columns "c" and "m."

General provisions in enacted laws that reduce the value of the appropriation level, additional appropriation from supplemental appropriations acts, and rescinded amounts in appropriations acts should be specifically identified by reference. The net change amounts shall be reflected in columns "c" and "m" and shall agree with the amounts enumerated by subject category in the program section.

Transfers should be the net amount of transfers in or transfers out of the appropriation as of either March 31 or September 30. Transfer amounts for each column shall be reflective of what type of documentation directed the transfer of funds. Specific program transfers directed in law, i.e., Shipbuilding Cost Adjustments, will be reflected in column "c" or column "e" depending on whether the congressional action was in the basic appropriations act or subsequent enacted legislation. The net amount of transfers from all reprogramming actions, DD 1415-1, DD 1415-2, or DD 1415-3, shall be reflected in column "g." Transfers in or transfers out of the account processed by other than a DD 1415, normally supported by a letter, shall be reflected in column "i." Below threshold authority by definition does not allow for changes between appropriations, so no transfers shall be shown in column "k." The "Total Revised Program" for transfers as of September 30 shall agree with the September 30 "Report of Budget Execution" (SF 133). Transfers as of March 31 may differ from the SF 133 as of March 31 due to pending actions.

Reimbursable Orders shall be identical to the reimbursable program in the Program Section except when adjustments have been made to the reimbursable program by formal reprogramming action.

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CHAPTER 7

REPROGRAMMING OF MILITARY CONSTRUCTION AND FAMILY HOUSING APPROPRIATED FUNDS

0701 GENERAL This chapter provides guidance for the preparation of reprogramming proposals for the appropriation of military construction and family housing funds.

0702 SUBMISSION REQUIREMENTS The congressional subcommittees concerned with the appropriation and authorization of military construction and family housing funds have agreed that, in executing approved programs, some flexibility is required in adjusting approved funding levels to comply with new conditions and to effectively plan programs to support assigned missions. Departmental adjustments or reprogramming measures may be required for a number of reasons including: responding to emergencies; restoring or replacing damaged or destroyed facilities; accommodating unexpected price increases; and implementing specific program provisions provided for by the congressional committees. While supporting DoD Component mission accomplishments reprogramming measures are intended to ensure that the use of DoD appropriations complies with congressional intent.

0703 PROCEDURES

070301. DoD Approvals. Proposed military construction and family housing Reprogramming actions shall be approved by the USD (C) before submission to the appropriate congressional committees for approval or for notification. Certain Reprogramming actions below threshold may be executed on approval of designated officials at the DoD Component level (see subparagraph 070302.B.3, below). Generally, the OUSD(C) shall not approve Reprogramming actions until compliance with the criteria delineated below has been fully documented by the DoD Components. When the House National Security and Senate Armed Services Committees are to be notified in accordance with Title 10, United States Code, the DoD Component shall be provided a copy of the associated Reprogramming action transmittal so that all committees and DoD Components may be notified concurrently.

070302. Determining Reprogramming Actions Requiring Prior Notification and Approval of Congressional Committees. The following definitions, procedures, and criteria shall apply.

A. Reprogramming Base. The specific dollar amount for any project or effort that has been jointly approved for appropriation by the Committees on Appropriations.

B. When Prior Approval Reprogramming is Required. Prior approval Reprogramming is required for the following:

1. For any increase exceeding 25 percent of the Reprogramming base or $2.0 million, whichever is less, to military construction projects, family housing new

construction projects, or family housing improvement projects (exceeding $2.0 million base value).

2. For any increase, regardless of percentage or dollar value, to a project or effort whose base has been increased by a previously approved congressional Reprogramming action.

3. For any increase, regardless of percentage or dollar amount, to a project whose base has been decreased by a previously approved congressional Reprogramming action.

4. For any increase, regardless of percentage or dollar value, to a project that has been previously reduced in scope by the Congress in acting on the appropriation request.

5. For any emergency construction project to be performed under 10 U.S.C. 2803.

6. For any restoration or replacement of damaged or destroyed facilities to be undertaken with military construction funds under 10 U.S.C. 2854.

7. For any acquisition of interests in land under 10 U.S.C. 2672a.

8. For any family housing relocation project to be accomplished under 10 U.S.C. 2827.

9. For any project authorized to be accomplished from savings, unless specifically exempted from such requirement by the Committees on Appropriations.

10. For any Reserve Component major construction project, regardless of amount, that was not among those justified to and approved by the Congress, or for an increase to an approved project that exceeds 25 percent of the Reprogramming base, or $2.0 million, whichever is less.

11. To increase the amount appropriated for unspecified minor construction.

12. To increase the amount appropriated for architectural and engineering services and construction design.

13. For any Base Realignment and Closure projects.

C. When Prior Approval Reprogramming is Not Required. Prior approval Reprogramming is not required for the following:

1. When none of the criteria listed above, apply to the project or to the cost increase required.

2. For projects utilizing Environmental Restoration, Defense funds authorized under 10 U.S.C. 2810."

3. For projects less than $2.0 million within the Family Housing Improvements Program.

4. For decreases to a project or effort in response to "general reductions" imposed by the Congress for savings or other reasons.

5. When a DoD Component takes action to reprogram funds between or among family housing operations and maintenance accounts. However, the committees shall be notified within 30 days of any transfer (cumulative within a fiscal year) that exceeds 10 percent of the reprogramming base of the increased account.

6. When the cost increase necessitating a Reprogramming is due solely to final settlement of a contractor's claim (Senate Report 100-200).

7. For any project being completed with expired funds. Cost increases are only allowable for valid upward price adjustments, which exclude any work not in the scope of the original contract (Senate Report 100-200).

8. For Reserve Component projects when the revised cost does not exceed $400,000. Reprogramming action may be taken 21 days after the appropriate committees receive notification and do not object (Senate Report 100-200).

070303. When Reprogrammings Shall Not Be Submitted. Requests for Reprogrammings shall not be submitted by DoD Components when any of the following conditions exist.

A. For any project or effort that has not been authorized, with the following exceptions:

1. Projects constructed under 10 U.S.C., sections 2803, 2854, 2672a, or 2827.

2. Reserve Component projects that receive "lump-sum" authorization.

B. For any project or effort that, for any reason, has been denied specifically by the Congress, as indicated by report language or by the elimination of funds, unless all pertinent report language specifically states that a subsequent reprogramming shall be required or entertained, or when the requirement qualifies as an emergency, as defined in 10 U.S.C. 2803.

C. To initiate programs of major scope or base realignment actions, when such larger efforts have not been authorized by the Congress.

070304. Split-Year Funding Authority. As provided for by Conference Report 100-912, the committees have agreed to allow split-year funding for military construction and family housing construction projects. Split-year funding occurs when a project is financed by funds from more than one program year (appropriation). Resources made available for split-year funding shall remain in the original appropriation for fund control and accounting purposes. Projects that have been funded in phases by the Congress are not considered split-year funded.

070305. Appeals to Congressional Committees. An unfavorable congressional committee decision on a Reprogramming action may be appealed by the OUSD(C). Any appeal on a Reprogramming action taken after it is submitted to the congressional committees is subject to the same review and approval procedures as the original Reprogramming.

070306. Explanatory Statements. Each proposed Reprogramming action shall be fully justified and documented using the guidance in paragraph 0704, below. The required format should be closely followed to prevent unnecessary delays in processing.

070307. Administrative Processing Instructions

A. Reprogrammings normally shall be forwarded monthly to the Appropriation Committees. If exceptions to this monthly processing schedule are required, such as year-end Reprogrammings, the DoD Components shall be notified separately. DoD Component Reprogramming points of contact are responsible for ensuring that all required documentation has been provided to the OUSD(C), Military Construction Directorate, Room 3D841, Pentagon, Washington, DC 20301-1100, by the 10th day of the month. If the 10th falls on a weekend or holiday, the due date automatically is the next workday.

B. Urgent Reprogramming requests warranting that action in advance of the next regular cycle shall be evaluated and processed on a case-by-case basis. However, such out-of-cycle requests are expected to be extremely rare and in no case shall correctable situations, such as approaching bid expiration dates, be used to request out-of-cycle processing.

C. The documentation required by the 10th of the month consists of the following:

1. A transmittal memorandum signed by an appropriate DoD Component official. This memorandum must state specifically that the Reprogramming either does or does not require a cost variation notification in accordance with 10 U.S.C. 2853. If the Reprogramming requires a section 2853 notification, an updated copy of the notification also should be included in the required documentation, but should not be transmitted to the Congress by the DoD Component until the Reprogramming request is transmitted. The Reprogramming shall be provided in 12-pitch typeface and letter-quality format.

2. Two (2) copies of the Reprogramming request are necessary. The following information is required when developing the 2 copies of the Reprogramming request. The top page(s) should be the Reprogramming request (installation, project, authorization, et al.) (see paragraph 0704, below). Supplementary narrative information, if required, should be attached next. A DD Form 1391, FY 19XX "Military Construction Project Data," is required if committees are seeing this project for the first time. Generally, this shall be restricted to situations in which the Military Service Secretary is exercising the emergency provisions of 10 U.S.C. 2803; the DoD Component is citing section 2854 to replace a damaged or destroyed facility; a project is being funded from savings; or a project has been added by the Congress without the benefit of official records reflecting the scope of the project involved (i.e., without a DD Form 1391). Each of the required 2 copies should be assembled and individually stapled.

0704 REPROGRAMMING REQUEST FORMAT

Bid Expiration Date:

Military Construction, (Enter DoD Component)

Reprogramming Request

Installation Enter installation or base name, and location, consistent with data in the Construction Annex, C-1.

Project Enter project or program title consistent with data in the C-1 Annex, if project or program is in the funded program.

Authorization Show the fiscal year and public law that authorized the project or program or the appropriate sections of Title 10, United States Code for emergency or replacement projects. For Reserve component projects being accomplished under lump-sum authority, cite 10 U.S.C. 2233a(a)(1).

Estimated Cost:

Previously Appropriated ..... $

Previously Reprogrammed ..... $

Requested Reprogramming ..... $

Total Estimated Costs ..... $

Description Give a brief description of the project and requirement.

Justification Be clear and complete in describing the need for the Reprogramming. If appropriate, summarize the chronology of events leading to the request.

Source of Funds: Explain why the funds are no longer required for the purpose originally appropriated. With the exception of BRAC, funds may not be "borrowed" from a project temporarily, with the intention of later restoring a portion of the amount reprogrammed.

	Fiscal Year	Amount Appropriated ($000)	Current Working Estimate ($000)	Proposed Reprogramming ($000)
Location & Project				

CHAPTER 8

STANDARDS FOR RECORDING COMMITMENTS AND OBLIGATIONS

0801 PURPOSE

The purpose of this chapter is to set forth the basis for determining the amount and accounting period in which commitments and obligations shall be recorded under various circumstances.

0802 COMMITMENTS

080201. General. The term "commitment" is defined in Chapter 15, paragraph 150202.A., of this Volume. The amount to be recorded as a commitment is the estimated procurement cost set forth in the commitment document. The date the commitment document is signed by an authorized official determines the accounting period in which the commitment is to be recorded.

080202. Special Provisions for Determining the Amounts of Commitments

A. Contingent Liabilities Remaining under Outstanding Contracts. There are contingent liabilities for price or quantity increases or other variables that cannot be recorded as valid obligations in the cases of (1) outstanding fixed-price contracts containing escalation, price redetermination, or incentive clauses, or of (2) contracts authorizing variations in quantities to be delivered, or of (3) contracts where allowable interest may become payable by the U.S. Government on contractor claims supported by written appeals pursuant to the "DISPUTES" clause contained in the contract (see section D., below). Amounts to cover these contingent liabilities should be carried as outstanding commitments pending determination of actual obligations. However, the amounts of such contingent liabilities need not be recorded at the maximum or ceiling prices under the contracts. Rather, amounts should be committed that are conservatively estimated to be sufficient to cover the additional obligations that probably will materialize, based upon judgment and experience. In determining the amount to be committed, allowances may be made for the possibilities of downward price revisions and quantity underruns. The contingent liability shall be supported by sufficient detail to facilitate audit.

B. Letter Contracts and Letters of Intent. When accepted, a letter contract or letter of intent shall be recorded as an obligation, but only in the amount of the maximum liability stated. The maximum liability amount may be required by other regulations to be limited to the costs that the contractor may incur pending execution of a definitive contract. In that case, the estimated amount of the definitive contract, over and above the obligation recorded under the letter contract or letter of intent, shall be carried as an outstanding commitment, pending execution of the definitive contract. If the letter provides that awarding of the definitive contract is dependent upon a congressional appropriation, then no funds are available to commit and no commitment may be recorded.

C. Open-end Contacts and Option Agreements. An authorization to incur an obligation under an open-end contract or option agreement (when either the items or quantities are not specified, but are to be the subject of subsequent orders) shall be recorded as a commitment only when the amount estimated is reasonably firm. The existence of a specific dollar amount in the procurement directive or request does not make the dollar amount reasonably firm. Rather, the required quantities and the quality specification must have been determined by competent authorized personnel so that reasonable prices may be estimated. An example is a planning estimate for spare parts. While it is known that an initial complement of spare parts will be acquired, the specification and quantity still must be determined. Experienced personnel can estimate an amount useful in planning, but this amount is not reasonably firm. The amount is recordable as a memorandum "initiation" (see Chapter 15), but not as a commitment.

D. Contract Amendments or Engineering Changes. An authorization to execute engineering change orders during the course of performance of a contract may be recorded as a commitment upon the basis of a stated cost limitation even though the scope and amount of such changes are not yet defined and require specific approval of the person authorizing the procurement (or another designee) before the execution of the change orders. However, in such circumstances it is necessary from time to time to revise the authorization (and the recorded commitment) as may be appropriate in the light of subsequent events, including change orders actually placed.

E. Intra-Governmental Requisitions and Orders. Intragovernmental requisitions and orders (such as DD Form 448, "Military Interdepartmental Purchase Request") must be considered as commitments until validly obligated under the guidelines in section 0806., below.

F. Multiyear Contracts. Contingent liabilities for multiyear contracts that provide for cancellation charges when it is necessary for the government to cancel the contract for reasons other than contractor liability, are not recorded as commitments. Any such cancellation charge must be recorded as an obligation when it becomes necessary to cancel the contract and the contractor is so notified.

0803 OBLIGATIONS

080301. The term obligation is defined in Chapter 15. No amount shall be incurred as an obligation by any DoD Component except in accordance with this section; however, once an obligation is incurred, it shall be recorded promptly whether funds are or are not available.

080302. An amount shall be recorded as an obligation only when supported by documentary evidence of the transaction. A verbal order or agreement shall be reduced to writing and conform to the applicable provisions of this section before the obligation may be recorded. When the amount is not known or cannot be ascertained feasibly at the time it is to be recorded, the best estimate shall be used. The best estimate should be based on a sensitive reflection of the transaction that actually occurred.

080303. In recording obligations under this section, the following principles shall be applied:

A. Contracts or Orders for Goods, Supplies, or Services to Meet Bona Fide Need. DoD Components shall determine that the goods, supplies, or services required under contracts entered into, or orders placed obligating an annual or multiple-year appropriation, are intended to meet a bona fide need of the period for which funds were appropriated. Such determinations shall consider estimated current consumption, the requirements that may be foreseen for future years based upon the procurement lead time, authorized stock levels, and authorized mobilization reserves. However, if the Appropriation Act makes such appropriations available for payments under contracts for specified services for periods beyond the period for which the appropriation otherwise is available, the contract for such services extending into the ensuing period (fiscal year) may be charged to the appropriation current at the time the contract is signed.

B. Performance Under Contracts or Orders. Contracts entered into or orders placed for goods, supplies, or services shall be executed only with bona fide intent that the contractor (or other performing activity) shall commence work and perform the contract without unnecessary delay.

C. Specific Guidelines for Maintenance and Repair Projects. Current fiscal year appropriations may be obligated for those maintenance and repair contracts awarded near the end of the fiscal year, even though contractor performance may not begin until the following fiscal year. However, the contract must satisfy a bona fide need that arose in or before the fiscal year of the appropriation to be charged. In addition, contracts awarded near the end of the fiscal year must contain a specific requirement that work begin before January 1 of the following calendar year. The foregoing guidelines on required start dates do not apply to cases in which an installation or contracting officer is required to place an order or contract with a foreign government agency because of a legally binding provision in a treaty or other international agreement. Guidelines for the administrative contracting officer to use in determining the commencement of work are as follows:

1. Physical Onsite Evidence. A visual inspection of the work site discloses significant work has been accomplished, or contractor employees actually are engaged in work performance. (No further verification is necessary.)

2. Documentary Evidence. If physical onsite evidence of performance does not exist, and to prevent unwarranted default proceedings, the contractor may be requested to produce documentary evidence that cost has been incurred or material has been ordered to allow performance of the contract.

D. Contractor Default. In the event of contractor default and termination for default of the contract, the funds cited on the defaulted contract may be cited again on the replacement contract. The replacement contract must satisfy certain general criteria to be considered a replacement, as opposed to a new contract. The replacement contract shall be made

without undue delay after the termination of the original contract. Its purpose shall be to fulfill a bona fide need that has continued from the original contract, and the replacement contract shall be awarded on the same basis and be similar substantially to the original contract in its scope and size.

080304. Specific Guidelines for Determining Scope of Work Changes

A. Responsibilities for Making Determinations. The contracting officer is primarily responsible for determining whether a change is within the scope of a contract. In making such a determination, the contracting officer must be guided by appropriate provisions of the Federal Acquisition Regulation (FAR), the DoD FAR Supplement, legal principles applicable to scope changes, and the provisions of this Regulation. In cases where no clear cut determination can be made by the contracting officer, DoD Component general counsel should provide appropriate guidance and determinations concerning the scope of a contract.

B. Standards for Making Determinations. Statutes and DoD policies for the use of appropriations limit the period of availability to fund original obligations. However, unobligated balances that have expired for the purpose of original obligation are available to fund within scope cost growth or increases in costs arising from claims arising out of the original obligation. This paragraph provides standards for determining if cost growth or a price increase is within scope. The baseline scope of a contract is all work contracted for prior to the expiration of funds. This includes changes incorporated by modification provided that they are within the scope of the contract.

C. Increases in Quantities. Changes in the quantity of the major items called for by a contract generally are not authorized under the "CHANGES" clause. Therefore, if there are changes that increase the number of end items ordered on a contract, this is a change in the scope of the contract and would have to be funded from funds available at the time the change was made. For example, if the original contract provided for delivery of 50 items and a modification was issued to provide for the delivery of 70 items, the additional 20 items would represent a change in the scope of the contract. Thereafter, cost growth, or claims arising out of the delivery of the first 50 items, would be funded from the appropriation available at the time of the order of those items and those arising out of the additional 20 items would be funded from the appropriation charged for those items. The foregoing applies in general; however, changes in the quantity of subsidiary items under a contract, such as spare parts, generally are considered to be within the scope of a contract unless they are so significant that they alter the basic contractual undertaking.

D. Increases in Required Levels of Service Performance. Any modification of a service contract that increases deliverable services or reports is a change in the scope of the contract and must be funded by appropriations available at the time the change is made. Examples follow:

1. A modification of a contract to provide accounting and audit services to a government agency to add a requirement for on-site technical assistance and training

to grantees of the agency on financial management systems would be beyond the scope of the original contract, and would have to be funded from funds available at the time the additional requirement was added to the original contract. An increase in the number of people needed to complete the contract, or to their level of expertise, would be a within scope cost growth change, which could be funded as part of the original contract.

2. A modification of a contract to provide research and development for a new weapons system that is designed to meet a specified area of threats, and reach given levels of performance could be beyond the scope of the original contract. However, the "CHANGES" clause specifically authorizes unilateral changes, within the scope of the contract, in specifications, drawings, and designs pertaining to the contract. Therefore, the mere fact that there may be a change in the specifications regarding levels of performance or specifications regarding threats does not, thereby, automatically result in a change in scope. An increase in the number of people assigned to the project, or increased costs due to travel increases would be cost growth that would be within scope and could be funded as part of the original contract.

3. A modification of a cost type level of effort contract for a specified number of hours to be worked by personnel with a specific level of experience and training that called for a change in the number of hours to be worked or the level of experience and training called for under the contract could be a change in the scope of the original contract. An increase, however, in direct or indirect rates under the contract would be cost growth that would be within scope and could be funded as part of the original contract.

E. Claims. As reflected in paragraph 080304.C., above, claims arising out of an original undertaking, or resulting from a within-scope change, would be funded from the appropriation available at the time of the original undertaking. Claims arising out of a change-in-scope change to the original contract would be funded from the appropriation available and charged for the change-in-scope change.

F. Judgment Fund. Title 31, United States Code, section 1304 and Title 41, United States Code, section 612 provide that monetary judgments under the Contracts Disputes Act of 1978, as amended, that are awarded by the Armed Services Board of Contract Appeals (ASBCA) or the Court of Federal Claims are paid by the Department of the Treasury from the Permanent Judgment Appropriation (Judgment Fund): Claims for Contract Disputes (Treasury Symbol 20X1743). After such payment, the DoD Components are required to reimburse the Department of the Treasury's Judgment Fund. The following provides guidance for reimbursement to the Judgment Fund.

1. The DoD Components first must determine what appropriation(s) originally funded the portion of the contract that led to the claim and subsequent judgment. Second, 63 Comp. Gen. 308 (1984) requires that the Judgment Fund be reimbursed with funds that were currently available for new obligation at the time of the judgment. Therefore, a then current year appropriation that is for the same purpose as that which originally funded the contract shall be used as the funding source. Expired appropriations that were current at the time of the judgment also may be used. If more than one appropriation is involved in the monetary

judgment, then the reimbursement is prorated against those appropriations. Any proration between or among appropriations must be based on the nature of the claim and the basis of the monetary judgment in the particular case.

2. Reimbursement to the Department of the Treasury is not an antecedent liability of the original contract. Therefore, reimbursements are not charged back to the original appropriation unless the original appropriation was available for new obligations at the time of the judgment. Further, judgments do not subject the original appropriation to a violation of the Anti-Deficiency Act.

3. In all official accounting and reporting systems, a separate and unique Sub-Activity Group (SAG) or P-1 / R-1 designator will be assigned for the recording and reporting of such reimbursements. These SAG or P-1/R-1 designator will be identified as a separate line on the Appropriation Status by Fiscal Year Program and Subaccounts (DD COMP (M) 1002). This new line of accounting is to be called "Judgment Fund Reimbursement." Funds are to be reprogrammed into this new line from existing allocated funds within the appropriation. These reprogrammed funds are not subject to normal reprogramming rules with respect to the increase, but must conform to reprogramming guidance governing delegated authority for program reductions. If sufficient funds do not exist within the appropriation, then supplemental funds must be sought.

4. Upon identification of funds to be charged and completion of any reprogramming actions, the documented package will be forwarded to the Operating Location (OPLOC) of the Defense Finance and Accounting Service (DFAS), having accounting responsibility for the designated fund accounts to process the payment. Ordinarily, a miscellaneous obligation document will be used to obligate the designated fund accounts. However, if programming actions have reserved funds, the DFAS OPLOC may be authorized to process the payment as an obligate-expend transaction. The DFAS OPLOC can process the transfer of funds for the payment to the Treasury's Judgment Fund, using the Treasury's Online Payment and Collection (OPAC) system.

5. Approval authority is required from the cognizant Assistant Secretary of the Military Department (Financial Management and Comptroller) or Defense Agency Comptroller for all Judgment Fund Reimbursements to the Department of the Treasury in excess of $1,000,000.00.

0804 RECORDING OBLIGATIONS FOR COMMERCIAL PROCUREMENT CONTRACTS AND ORDERS

080401. Firm Fixed-Price Contract. When the contract is executed, an obligation must be recorded for the total amount stated in the contract.

080402. Fixed-Price Contract With an Escalation, Price Redetermination, or an Incentive Provision. When the contract is awarded, an obligation must be recorded for the amount of the target or billing price stated in the contract, even though the contract may contain a

ceiling price in a larger amount. Subsequently, a target or billing price should be adjusted (upward or downward) to a "best-cost estimate" whenever it is determined that, and documentary evidence supports, the actual cost of the contract will differ materially from the original target or ceiling price stated in the contract.

080403. Cost-Reimbursement and Time-and-Material Contracts. Cost-reimbursement and time-and-material contracts include: cost, cost-sharing, cost-plus-fixed-fee, cost-plus-incentive-fee, cost-plus-award-fee, time-and-material, and labor-hour contacts. When the contract is executed, an obligation must be recorded. The amount of the obligation is the total estimated payment provided by the contract. The amount recorded may not be in excess of the maximum current liability, which must include the fixed fee in the case of a cost-plus-fixed-fee contract, the target fee in the case of a cost-plus-incentive-fee contract, or the base fee in the case of a cost-plus-award-fee contract.

080404. Open-End Contracts and Option Agreements. When the quantity required under a contract or agreement is indefinite and is determined by subsequent orders, an order not requiring acceptance by the contractor shall be recorded as an obligation in the amount of the price stated in the order upon placement. When the contract or agreement requires acceptance of the order by the contractor, the amount of the order must be recorded as an obligation upon acceptance. In the case of indefinite quantity contracts for supplies or services that specify delivery of minimum quantities during a given period, an obligation must be recorded upon execution of the contract for the cost of the minimum quantity specified.

080405. Contract Authorizing Variations in Quantities to be Delivered. When the contract is executed, an obligation must be recorded for the price of the quantity specified for delivery, exclusive of the permitted variation.

080406. Multiyear Procurement Contract. An obligation for a multiyear procurement contract must be recorded in the amount of the price of the quantities specified for delivery under the first program year's requirement, and the amount must be identified with that program year. Unless the contract is funded fully at inception, each time the contractor is notified that funds are available to cover another program year's requirement, an obligation must be recorded in the amount of the price of the quantities specified for delivery and must be identified with that program year. If the contract is canceled, an obligation must be charged to the program year current at the time of cancellation to cover the government's liability under the terms of the contract.

080407. Letter Contract or a Letter of Intent

A. When the offer and acceptance are specific and definitive enough to show the purpose and scope of the final contract to be executed, a letter contract or a letter of intent and any amendments to them accepted in writing by the contractor are documentary evidence to support the recording of an obligation. The obligation must be recorded in the amount stated as the maximum liability under the letter or amendment.

B. The maximum liability may be a limitation on the amount of obligations that may be incurred pending execution of a definitive contract. In this case, the estimated amount of the definitive contract, over and above the obligation recorded under the letter of intent, must be carried as a commitment, pending execution of the definitive contract, unless the letter of intent provides that awarding of the definitive contract is dependent upon congressional appropriation action (see subsection 080302., above).

C. Commitments cannot be carried past the fiscal year end. A miscellaneous obligation document must be recorded at fiscal year end.

080408. Interest on Contractor Claims. Some contracts may contain a statement permitting the payment of interest by the government on contractor claims supported by a written appeal pursuant to the "DISPUTES" clause of the contract. When such an appeal has been settled in the contractor's favor and the amount owed the contractor has been determined, an obligation for the interest payable to the contractor must be recorded under the appropriation that financed the contract.

080409. Interest Payable under the Prompt Payment Act (Public Law 92-177). Such interest payable is recorded as an obligation unless payments are made within specified payment due dates. Interest penalties will not continue to accrue and be obligated (1) after the filing of a claim for such penalties under section 611 of reference (s), or (2) for more than one year.

080410. Purchase Orders

A. A purchase order creates an obligation when issued in the amount stated, if the purchase order represents acceptance of a binding written offer of a vendor to sell specific goods or furnish specific services at a specific price, or the purchase order was prepared and issued in accordance with small purchase or other simplified acquisition procedures.

B. A purchase order requiring acceptance by the vendor before a firm agreement is reached must be recorded as an obligation in the amount specified in the order at the time of acceptance. Evidence of this acceptance must be retained in the files. If written acceptance is not received, delivery under the purchase order is evidence of acceptance to the extent of the delivery.

080411. Amendment of a Contract. A change in the amount of the government's contractual liability resulting from an amendment to a contract is chargeable generally to the appropriation or other fund current at the time the contract was executed. Specific applications of and exceptions to this general rule follow:

A. The amount of the recorded obligation for a contract containing a provision for amendment or modification, within the general scope of the contract, must be increased or decreased by the amount specified by any and all amendments or modifications

when executed. The same source of funds that originally was obligated on the contract must be charged or credited.

B. The amount of a recorded obligation must be adjusted to reflect an increase or decrease resulting from a determination made pursuant to the provisions of 50 U.S.C. 1431-1435 that results in the correction of a mistake or the formalization of an informal agreement. These adjustments must be recorded against the same source of funds that originally was obligated when the amendments or modifications do not change the scope of the contract and, thus, do not result in a new procurement. When the scope of the contract is increased, the adjustment is chargeable properly to the appropriation or fund available at the time that the amendment is executed.

C. A contingent obligation, such as one existing under an indemnification clause or a clause involving an equitable adjustment, must be recorded as an obligation only in the amount of the contractual liability incurred when the amendment fixing the obligation is executed. If no amendment is required, the adjustment is recorded as an obligation when the event occurs that fixes the amount of the liability under the contingent obligation. The obligation must be recorded against the same obligation or fund that originally was obligated for the contract.

D. When an increase occurs in the price of one or more items in a fixed-price contract that contains an escalation clause, a price redetermination clause or an incentive provision, or in the fee in a cost-plus-award-fee or a cost-plus-incentive-fee contract, an obligation must be recorded in the amount of the increase at the time the changed price or fee is determined in accordance with the terms of the contract. The obligation must be recorded against the same appropriation or fund that originally was obligated for the contract.

E. In some instances it is appropriate to reduce a recorded obligation for firm fixed-price contracts with escalation, price redetermination, or incentive provisions, when a determination is made by the contracting officer (and approved by the allotment holder or his designee) that the anticipated amount of liability under the contract may be reduced and the amount of the recorded obligation may be decreased by the amount so determined and approved. Such action is taken after taking all circumstances into consideration including available costs and production data or tentative offers from contractors.

F. Amounts for increases in cost reimbursement contracts that exceed the original contract ceiling price, and which are not based on an antecedent liability enforceable by the contractor, are chargeable to funds available when the price increase is granted, rather than funds from the fiscal year cited on the original contract.

080412. Termination of Contracts and Agreements. When a contract or agreement is terminated in whole or in part for the convenience of the government by the giving of a "Notice of Termination" to the other party to the contract or agreement, the obligation recorded for the contract or agreement must be decreased to an amount sufficient to meet the settlement costs under the termination. The obligation must not be decreased below the amount estimated

by the contracting officer, based on the best evidence then available, as the amount due as a result of the termination.

080413. Foreign Currency Exchange Fluctuations. Changes in obligations and contractual liabilities caused by foreign currency exchange fluctuations are determined and recorded when payment is made. For foreign currencies not specified in a special foreign currencies fluctuations appropriation account, adjustments also are made at fiscal yearend, and may be made at any other time a significant change occurs in order to help avoid overobligation of an allotment.

080414. Contracted Advisory and Assistance Services (CAAS). See Section 2454 of the Federal Acquisition Act of 1994 (P.L. 103-355) stipulates that the OMB will establish funding for CAAS as a separate object class in each agency's budget. DoD Directive 4205.2 contains four basic categories for identifying and controlling CAAS. Volume 2 of this Regulation contains budget exhibit PB-27 for reporting CAAS expenditures and estimates to the Congress. In addition to the four basic CAAS categories, budget exhibit PB-27 includes a specific breakout of three additional categories: (a) ADP-related CAAS services, (b) contract systems engineering, and (c) total services procured from Federally Funded Research and Development Centers (FFRDCs). These additional services are reported because of general interest in the overall estimates for such services. DoD Components shall establish an accounting procedure to ensure that actual data for all seven categories of contract effort reported to the Congress as "CAAS and other Contract Support Services (CSS)" on the PB-27 budget exhibit are uniformly generated from the accounting data base. The accounting procedures also shall clearly delineate the PB-27 categories as listed below. Activities in categories a. through f. performed at an FFRDC shall be reported in category g. and not in any of the other six categories. Appropriate codes shall be entered on applicable requests for procurement and on the associated contracts. When CAAS/CSS is procured in a predominantly non-CAAS/CSS contract, the CAAS/CSS portion separately shall be identified and coded for identification in the PB-27 budget exhibit. The predominance rule which pertains to the assignment of codes for the Federal Procurement Data System (DD Form 350) has no bearing on the identification of CAAS/CSS for budget and accounting purposes. Expenditures shall be accumulated by budget exhibit category as they are entered into DoD accounting systems. The first four categories equate to the four CAAS categories (A, B, C, and D). The last three are the additional ones called for in the PB-27. The PB-27 categories are as follows:

A. Individual Experts and Consultants

B. Studies, Analyses, and Evaluations

C. Management Support Services

D. Engineering Technical Services

E. Information Technology

F. Systems Engineering

G. Federally Funded Research and Development Centers (FFDRCs)

0805 RENTAL AGREEMENTS AND LEASES OF REAL AND PERSONAL PROPERTY

080501. The amount recorded as an obligation must be based on the agreement or lease, or on a written administrative determination of the amount due under its provisions.

080502. Under a rental agreement that may be terminated by the U.S. Government at any time without notice and without incurring any obligation to pay termination costs, the obligation must be recorded each month in the amount of the rent for that month.

080503. Under a rental agreement providing for termination without cost upon giving a specified number of days notice of termination, an obligation must be recorded upon execution of the agreement in the amount of rent payable for the number of days notice called for in the agreement. In addition, an obligation must be recorded each month in the amount of the rent payable for that month. When the number of days remaining under the lease term is equal to the number of days advance notice required under it, no additional obligation need be recorded.

080504. Under a rental agreement providing for a specified dollar payment in the event of termination, an obligation must be recorded upon execution of the agreement in the amount of the specified minimum dollar payment. In addition, an obligation must be recorded each month in the amount of the rent payable for that month. When the amount of rent remaining payable under the terms of the agreement is equal to the obligation recorded for the payment in the event of termination, no additional monthly obligation need be recorded.

080505. For a domestic or foreign rental agreement not containing a termination clause, but which is financed under an annual appropriation, an obligation must be recorded at the time of its execution in the total amount of rent specified in the agreement even though the period of the lease (12 months maximum) extends into the subsequent fiscal year. Leases of structures and real property in foreign countries may be entered into for periods of up to 5 years (10 years for military family housing) under authority of 10 U.S.C. 2675. However, the period for which obligations may be recorded for leases without termination clauses may not exceed the period for which the applicable financing appropriation is available for obligation. Thus, a lease should be obligated for its full term when it is financed by a no-year appropriation. When the lease is financed by an annual or multiple-year appropriation, however, the obligation is limited by the period of availability of the appropriation. If the term of the lease is for more than 12 months and exceeds the availability of the financing appropriation, the amount of the obligation related to the excess term shall be recorded against the appropriation that becomes available for the same purpose in the subsequent year or years. If the laws and customs of a foreign country require advance payment for rent, the advance payment may be made in accordance with 10 U.S.C. 2395 for the full term of a foreign lease, and an obligation may be recorded against the current appropriation in the same amount at the time the lease is consummated.

080506. Domestic lease agreements entered into for periods greater than one year under authority delegated by the General Services Administration (GSA) under 40 U.S.C. 490 and 40 U.S.C. 614 need not include a provision to the effect that lease funding in future fiscal periods is subject to fund availability in those future fiscal periods. The obligation to be recorded is that of the applicable financing appropriation for the current fiscal year.

080507. When leasing ADP equipment without a purchase option, obligations in the amount of the contract are recorded when the contract offer is accepted.

080508. Obligations to the GSA for standard-level user charges are recorded from the GSA bill.

0806 REIMBURSABLE ORDERS PLACED WITH DOD COMPONENTS OR OTHER U.S. GOVERNMENT AGENCIES

080601. Reimbursable procurement means an order for supplies, material, or equipment placed by a requiring DoD Component for procurement by another DoD Component or Federal agency on a contract funded by the procuring DoD Component or Federal agency, without separate identification of the items, or separate citation of the funds of the requiring DoD Component; and with subsequent delivery to and reimbursement by the requiring DoD Component. The reimbursable order is recorded as an obligation by the requiring DoD Component when the procuring DoD Component accepts the reimbursable order in writing. For GSA, see subsection 080604, below.

080602. Direct citation procurement means procurement accomplished by combining the requirements of one or more other DoD Components with those of the procuring DoD Component. The procuring DoD Component may issue one contract with separate schedules showing the quantities, prices, dollar amounts, and citation of funds of each requiring DoD Component. The direct citation order is recorded as an obligation by the requiring DoD Component when it is notified in writing that the procuring DoD Component's contract or project order has been executed, or when a copy of the contract or project order is received. Note: DD Forms 448, "Military Interdepartmental Purchase Requests" (MIPRs), are used for these orders. MIPRs are described in subpart 8.70 of the DoD FAR Supplement. MIPRs are Economy Act (31 U.S.C. 1535) orders subject to downward adjustment when the obligated appropriation is no longer available for obligation to the extent that the procuring component has not executed its agreed-upon contract or project order actions.

080603. An order for specific supplies, material, equipment, work, or services, may be placed either under the Project Order Act (41 U.S.C. 23), as implemented by DoD Instruction 7220.1, or under section 601(a) of the Economy Act. The reimbursable order must be recorded as an obligation against the appropriation of the ordering DoD accounting entity as follows.

A. Project Order. The fact that an order is a Project Order must be so identified on the document itself. A project order is treated as a contract. When it is accepted in

writing by the performing activity, the amount of the project order must be recorded as an obligation in the amount stated in the order.

B. Economy Act Order. An Economy Act order is an intragovernmental order that does not qualify as a project order on another Federal agency or on another DoD Component. It must be recorded as an obligation in the amount stated in the order when it is accepted in writing. Undelivered Economy Act orders issued against annual or multiple-year appropriations, or both, must be adjusted downward when the appropriation is no longer available for obligation in accordance with section 1210 of the General Appropriation Act of 1951 (subsection (d) of 31 U.S.C. 1535). The amount of the adjustment shall be the difference between the value of the order or orders and the obligations incurred by the performing agency.

080604. An order required by law to be placed with a U.S. Government agency, such as an order required to be placed with (a) Federal Prison Industries (18 U.S.C. 4124), (b) Government Printing Office (44 U.S.C. 111), (c) General Services Administration (GSA), or (d) U.S. Army Corps of Engineers -- Civil Functions Revolving Fund (33 U.S.C. 576), must be recorded as an obligation by the ordering agency in the amount stated in the order at the time it is issued. Note: This is a major difference from the acceptance requirement of normal project orders and Economy Act orders discussed in subsection 080603, above.

0807 ORDERS FOR MATERIEL PLACED WITH (OR THROUGH) STOCK FUNDS

080701. Placing an Order

A. An order placed with a stock fund may only be for a bona fide need of the period for which the ordering activity's financing appropriation is available.

B. An order placed for a stock-funded item shall be recorded as an undelivered order (obligation) when the order is placed. An order placed with a stock fund for a nonstock-numbered item (stock number not assigned at the time of placement of the order) shall be recorded as an undelivered order when the stock fund accepts the order.

080702. Change Notices

A. An undelivered order (obligation) placed with the stock fund shall be adjusted when a change notice affecting price, quantity, or an acceptable substitution of a like item is received from the stock fund. An undelivered order placed with the stock fund shall be canceled when the customer receives a notice of (1) substitution that is unacceptable, (2) transfer of a stock-funded item to funding by a centrally managed procurement appropriation within a DoD Component, or (3) advice that the stock fund is unable to perform under the terms of the order.

B. Conversely, an undelivered order (obligation) shall be recorded when a notice is received that an ordered item funded by a centrally managed procurement appropriation has been transferred to funding by the stock fund.

C. If a change notice results in a shortfall of customer funds, the customer may cancel the order or reduce the quantity on order. If the customer does not receive a change notice, or does not receive it in time to cancel or modify the quantity on order, the material may be refused or returned to the stock fund. Credit for returns to the stock fund shall be provided in accordance with the provisions of DoD Directive 7420.1. There is no violation of administrative control for customer funds if an apparent funding deficiency that results from a change notice is resolved with the stock fund by means of (1) cancellation or modification of the quantity on order, or (2) refusal or return to the stock fund of the material.

080703. Expiration of an Order. When the customer's financing appropriation expires, an undelivered order for a nonstock-numbered item for which the stock fund has not executed a procurement action (that is, incurred an obligation) also expires.

0808 PERSONAL SERVICES AND BENEFITS

080801. Obligations for the amounts payable to military members and civilian employees must be recorded in the month in which earned. These obligations must be supported by written administrative determinations of the amounts of the liabilities incurred for personal services based on payroll or personnel records. Payroll charges based on salaries and wages, such as civilian living and quarters allowances, equalization allowances under 5 U.S.C. 3584, and the employer's share of contributions to the retirement fund, insurance premiums, and FICA taxes also are obligations at the time that salaries and wages are earned. Enlistment bonuses, and allowances to military members for subsistence, quarters and clothing, as well as civilian uniform allowances and incentive awards, are obligated in the month that they become payable to the employee.

080802. An obligation must be recorded for subsistence in kind based on requisitions and orders when issued, or on a written administrative determination of the estimated cost of subsistence furnished by others.

080803. Annual leave must be reported as an obligation only when it becomes due and payable. Accruals of annual leave as it is earned are used in costing.

080804. Severance pay for U.S. Government civilian employees (and foreign national employees such as those German nationals covered by the German Tariff Agreement) shall be reported as an obligation on a pay-period-by-pay-period basis, that is, at the time the severance pay becomes payable, regardless of the time it is disbursed.

080805. Obligations for severance pay are incurred and reported after an employee has been separated and specified conditions (such as those set forth in the German Tariff Agreement) have been met. The organization that terminates the employment of such individuals shall be responsible for recording and reporting the severance pay obligation. If the liability for severance pay is significant, reasonable estimates shall be made and an unfunded liability recorded and reported IAW the Federal Agencies' Centralized Trial Balance System

(FACTS). In accordance with other foreign country contracts and agreements, certain foreign national employees earn a separation allowance, also sometimes called "severance pay" in some contracts and agreements, from inception of or during their employment. In such cases, a liability accrues from such date and obligations shall be recorded as indicated in the following paragraphs.

A. In general, obligations for separation allowances for foreign national employees shall be recorded against applicable current allotments in the full amount of the liability that accrues during the accounting period even though the amount may not currently be payable. However, when a foreign country is committed to fund part of the separation allowance for its nationals, DoD funds shall be obligated only for the Department's portion of that cost. The amount chargeable to the applicable current allotment is the separation allowance liability incurred during the current accounting period and adjustments to outstanding liabilities for separation as a result of changes in pay. Adjustments for fluctuations in foreign currency exchange rates must be made at the time of the disbursement. However, see subsection 081110, below, for guidance on those currencies not covered by the foreign currency fluctuations appropriation.

B. Upon transfer of a foreign national employee from one DoD Component to another, the relinquishing DoD Component shall give detailed records to the gaining DoD Component on the unpaid accrued separation allowance for that employee. The detailed records must include the name of the employee, beginning and ending dates of employment, grade or classification, or both, amounts of the accrued liability by fiscal year appropriations and accounting classifications to be charged at the time of separation, and the name (or designation) and address of the activity that will be responsible for retaining the appropriation records. The relinquishing DoD Component must retain its liability for the accrued separation allowance, including the adjustment for any final fluctuation in the rate of foreign currency exchange, until notified of the employee's separation and payment of the allowance by the DoD Component effecting the separation. The gaining DoD Component is responsible for obligating separation allowances earned from the date of an employee's accession. Accrued separation allowances shall be paid when a foreign national employee is separated. The DoD Component effecting the separation of an employee must coordinate its payment actions with the other DoD Components whose funds are to be charged. DoD Components should designate one of their activities to maintain centrally the detailed employee and appropriation records for all transferred employees to facilitate the closeout and liquidation of liabilities.

C. Appropriated funds may not be obligated for separation allowances earned by foreign national employees during any period of employment by DoD non-appropriated fund instrumentalities. The accrued separation allowance shall be paid when a foreign national employee transfers from an appropriated fund organization to a nonappropriated fund instrumentality.

0809 PERMANENT CHANGE OF STATION

080901. Civilian Employees. At the time permanent change of station orders are issued to civilian employees, obligations shall be recorded against the current appropriation for all the authorized reimbursable expenses incident to relocation at the request of the U.S. Government and for transportation requests and bills of lading expected to be issued.

080902. Military Personnel. A report of estimated costs obtained from each individual or unit permanent change of station order shall be recorded as an obligation in the month of departure (relief) from the duty station. The date of relief shall be established and specified in the orders based on specific criteria consistently applied for the various types of moves, such as accessions, transfers, and losses. The obligation shall include the total cost for travel and transportation of the member, dependents, household goods, dislocation allowance, separation travel allowance, etc., whether performed by privately owned conveyance, common carrier, military air or sea lift, or other method. Any costs incurred by the U.S. Government before the date of relief shall be charged against the appropriation current at the time the payment is made with a subsequent adjustment to the proper fiscal year (appropriation current in the month of relief). The only exception is the cost of contemporary contract commercial storage of household goods which will be charged to the period during which the service is rendered.

0810 TEMPORARY DUTY TRAVEL

Tentative obligations for temporary duty travel shall be recorded from written administrative determinations, based on the travel authorizations issued, for the estimated transportation to be purchased and the estimated reimbursement to be earned by the traveler for per diem allowances, use of privately owned vehicles, and incidental travel expenses. When travel is performed under a blanket authorization (with the itinerary not definite), the amount of the tentative obligation recorded in the current month shall not exceed the estimate of the travel expenses to be incurred to the end of the current month. When the period covered by the travel authorization extends beyond the end of the fiscal year, and the travel costs are being paid by means of an annual appropriation or the final year of availability of a multiple-year appropriation, the amount of the recorded obligation shall be the cost of transportation purchased and reimbursements earned to the end of the fiscal year.

0811 OTHER OBLIGATIONS

081101. Loan Agreements. Under the Federal Credit Reform Act of 1990 (2 U.S.C. 661-661f), unless otherwise provided by statute, new direct loan obligations may be incurred only to the extent that budget authority to cover their costs is provided in advance. When a direct loan obligation is incurred, its cost (the estimated long-term cost of the loan to the government) is obligated against the "program account" established for the loan program. The actual funding of the loan is made through a revolving, non-budget "financing account." OMB Circular No. A-34 contains detailed guidance covering the obligation and disbursement of funds for direct and guaranteed loans.

081102. Grants and Subsidies. An obligation shall be recorded for grants and subsidies based on (a) a written administrative determination of the amount of the grant or

subsidy that is payable from an appropriation made available for payment of, or contribution toward, a sum required to be paid in a specific amount fixed by law or in accord with a formula prescribed by law; or (b) an agreement or plan covering a grant or subsidy authorized by law, provided the agreement or plan is approved in accordance with the law. In the case of a grant, the obligating action usually will be the execution of a grant agreement.

081103. Litigation. As a general rule, the amount of the liability expected to result from pending litigation shall be recorded as an obligation in cases where the government definitely is liable for the payment of money from available appropriations, and the pending litigation is for the purpose of determining the amount of the government's liability. In other cases, an obligation shall not be recorded until the litigation has been concluded or the government's liability finally is determined. A written administrative determination of the amount of the liability shall serve as documentary evidence of the obligation.

081104. Bills of Lading. A bill of lading issued to a commercial carrier shall be recorded, when issued, as a tentative obligation in an amount representing the estimated value of the transportation to be furnished, based on established rates. At yearend, any portion for transportation not yet commenced shall be eliminated from the account. (However, see subsection 080901, above.)

081105. Public Utility Services. Public utility services shall be recorded as an obligation based on billings received or on a written administrative determination of utility services furnished during the billing period ending in the monthly accounting period.

081106. Claims. A claim payable under law shall be recorded as an obligation, when finally approved, in the amount certified for such payment.

081107. Legal Determinations. A document evidencing a present legal liability of the U.S. Government, when the liability has been determined to exist by competent legal authority, shall be recorded as an obligation in the amount of the liability when that determination is made.

081108. Simultaneous Disbursement and Obligation. If a disbursement has been made (or is about to be made) without the related obligation having previously been recorded, an obligation shall be recorded immediately in the amount of the disbursement. Disbursement documents in payment of obligations not previously recorded shall be used to record the transaction as an Accrued Expenditure--Paid with a corresponding decrease in the uncommitted/ unobligated balance of the affected allotment.

081109. Simultaneous Undelivered Order and Accrued Expenditure - Unpaid. If delivery or performance is due within a short period of time, contracts and other orders for $1,000 or less may be entered into the budgetary accounts as Accrued Expenditures--Unpaid rather than Undelivered Orders. This will save one processing step when recording obligation transactions for small amounts.

081110. Foreign Currency Fluctuations

A. The foreign currency fluctuations appropriation was established to eliminate losses or gains to programs caused by fluctuation of specified foreign currency exchange rates from those used in the budget. (Working Capital Fund (WCF) foreign currency fluctuations are absorbed by the incurring WCF business area, not the foreign currency account.) Contractual obligations or other obligations payable in the specified foreign currencies may not be adjusted until disbursements are made from the appropriation account involved.

B. When foreign currencies not specified in the foreign currency fluctuations appropriation account are involved, any adjustments at the time of payment shall be supplemented with adjustments made at yearend and may be made at any other time a significant change occurs in order to avoid overobligation of an allotment.

081111. Security Guard and Firefighting Services

A. Title 10, United States Code, section 2465, prohibits the obligation or expenditure of appropriated funds for the purpose of entering into a contract for the performance of firefighting or security guard functions at any military installation or facility in the United States, including Alaska and Hawaii. This prohibition does not apply to (1) a contract that is to be performed in the commonwealths, territories, or possessions of the United States, or other locations outside the United States, when members of the Armed Forces otherwise would have to be used for the performance of firefighting or security guard services at the expense of unit readiness; (2) a contract to be carried out on a government-owned, contractor-operated (GOCO) installation; or (3) a contract (or renewal of a contract) for the performance of a function that was under contract on September 24, 1983.

B. Section 204(b) of the Defense Authorization Amendments and Base Closure and Realignment Act (P.L. 100-526), as amended by section 2905 (b)(8) of the Defense Base Closure and Realignment Act of 1990 (P.L. 100-510), as amended, authorizes special procedures for providing security guard (or firefighting) services 180 days before an installation closes under the Base Realignment and Closure initiative.

0812. APPROVAL OF ADJUSTMENTS IN EXPIRED APPROPRIATION ACCOUNTS

No automatic upward obligation adjustments in excess of $1,000,000 that involve any individual action or contract shall be accomplished to expired appropriation accounts. Instead, such adjustments shall be submitted to, and approved by, the Head of the DoD Component. There shall be no "netting" of upward adjustments against downward adjustments to avoid this prior approval requirement. The prior approval authority may be delegated; however, a report of approvals must be submitted by the delegee to the Component Head since he or she ultimately is responsible for such approvals. This report to the Component Head shall be submitted no less frequently than annually prior to submission of the Year-End Closing Statement, TFS Form 2108 (see Volume 6, Chapter 4 of this Regulation). The Component Head shall confirm the actions taken by the delegee and evidence of the confirmation shall be retained for audit.

CHAPTER 9

STATUS OF PRIOR YEAR CONSTRUCTION ACCOUNTS

0901 FUNDING REVIEW OF PRIOR YEAR PROGRAM EXECUTION

090101. Purpose

This chapter provides guidance for the submission of status reports concerning all prior year Military Construction and Family Housing Accounts. The intent is to adjust these accounts annually, during the August/September timeframe, to reflect the latest estimate of funding requirements for these programs.

090102. Reporting Requirements

Annually, by August 1, each DoD Component holding Military Construction and Family Housing funding authorities shall submit recommendations in the format of Exhibit MC-4 (see Appendix A) for financial adjustments to these authorities based on current cost estimates. Unobligated balances will be withdrawn unless supported by firm requirements. In all cases where unobligated balances for programs more than two years old are not being made available for withhold, a statement shall be transmitted to identify the status of each project and efforts made to complete the financing. Exhibits shall be submitted in duplicate to the ODC(P/B)MilCon.

Separate Exhibits MC-4 shall be prepared and submitted for the five active program years, categorized by budget activity. Instructions for the completion of the MC-4 exhibits are contained in Appendix A.

APPENDIX A

MILITARY CONSTRUCTION _____
FUNDING REVIEW
BUDGET ACTIVITY (SPECIFY)
FISCAL YEAR _____

(1) Project & Location	(2) Current Estimate 1/	(3) Obligational Authority Issued 2/	(4) Cumulative Obligations as of the Past June 30	(5) + or - Authority Required for Completion 3/	(6) Remarks

1/ Enter the best estimate of the total amount this project will cost when complete.

2/ Enter the amount of obligational authority issued. This amount should agree with the amounts provided by project on the OSD funding documents. In certain cases funds may be realigned between the various projects in accordance with prescribed programming procedures. However, in no case should the total of the projects shown in this column for a given fiscal year exceed the amount provided on the OSD obligational authority document.

3/ Enter the amount of authority required to complete the project. If the total of this column for a fiscal year program is negative those funds will be withdrawn unless a justification is provided why they should not be withdrawn. If the total of this column for a fiscal year is positive, an explanation should be provided why the additional funds are required.

Exhibit MC-4

APPENDIX A

INSTRUCTIONS FOR COMPLETION OF MC-4 EXHIBIT
MILITARY CONSTRUCTION FUNDING REVIEW

1. The MC-4 exhibit shall be executed at the project level for each of the program years for which the DoD Component holds unexpired obligational authority. A program year summary should be compiled by budget activity for each of the program years covered by the review.

2. Columnar entries shall be as follows:

a. Project and Location (1) - Each project contained in the original program approved by the Congress should be listed regardless of its status. The projects should be listed alphabetically in state sequence. Minor construction projects also should be listed with unallocated minor construction funds identified and labeled as such. Planning and Design funds may be accounted for as a lump-sum.

b. Current Estimate (2) - Enter the current working estimate (CWE) for the project. If the project is payable in a foreign currency, the CWE should be calculated at the budgeted rate.

c. Obligational Authority Issued (3) - Enter the amount of obligational authority currently issued to the command, activity, etc., for this project. The sum of obligational authority issued for each program year and budget activity cannot exceed the amount currently apportioned or, in the case of the Defense Agencies, the amount provided on the latest fund authorization.

d. Cumulative Obligations as of the Past June 30 (4) - Self-explanatory.

e. + or - Authority Required for Completion (5) - In the case of the Defense Agencies, a negative figure indicates the amount of authority that may be withdrawn, whereas a positive figure represents the amount of additional authority required. Justification should be included if the component determines that a negative value cannot be withdrawn. If the total is positive, by program year and budget activity, a statement should be entered in the remarks section of the report indicating the impact if additional funds are not provided.

f. Remarks (6) - In addition to impacts, etc., as described above, this column should include the status of the project stated as a percent of fiscal completion.

Exhibit MC-4

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CHAPTER 10

ACCOUNTING REQUIREMENTS FOR EXPIRED AND CANCELED ACCOUNTS

1001 INTRODUCTION

100101. Purpose. This chapter implements within the Department certain provisions of Title 31, United States Code, relating to expired and canceled accounts. The governmentwide amendments to Title 31 are contained in Title XIV of the National Defense Authorization Act for FY 1991 (Public Law 101-510, dated November 5, 1990).

100102. Terminology. Terms associated with accounting for expired and closed or canceled accounts are included in the definitions section (Appendix C) to this chapter.

1002 POLICY AND PROCEDURES

100201. Implementation of Permanent Provisions

A. For 5 years after the time an appropriation expires for incurring new obligations, both the obligated and unobligated balances of that appropriation shall be available for adjusting and liquidating obligations properly chargeable to that account.

B. Certain appropriations are available for obligation for a specific period, i.e., annual and multi-year appropriations. Both the obligated and unobligated balances of such appropriations shall be canceled, and will no longer be available for obligation or expenditure for any purpose, on September 30th of the 5th fiscal year after an appropriation's period of availability for incurring new obligations expires (31 U.S.C. 1553(a)).

C. Certain appropriations are available for an indefinite period. Obligated and unobligated balances in such appropriations shall be canceled when (1) no disbursements have been made from the indefinite appropriation for a period of 2 years and (2) the President, the Secretary of Defense or his designee determines the purposes for which the appropriation was made have been carried out (31 U.S.C. 1555).

D. Before an account cancels, the affected DoD Component shall identify valid unliquidated obligations subject to cancellation to determine if (1) appropriations are available for future adjustments or payments against such obligations, or (2) other provisions for adequate resources have been made to pay for such obligations that will cancel with an account.

E. Following cancellation of an appropriation, should it become necessary to adjust an obligation which would otherwise have been properly chargeable (both as to purpose and amount) to an appropriation before cancellation, then the obligation shall be charged to an appropriation currently available for the same purpose, subject to certain limitations discussed in paragraph 100201.F., below.

F. When a currently available appropriation is used to pay an obligation, which otherwise would have been properly chargeable (both as to purpose and amount) to a canceled appropriation, the total of all such payments by that current appropriation may not exceed the lesser of:

1. The unexpended balance of the canceled appropriation (the unexpended balance is the sum of the unobligated balance plus the unpaid obligations of an appropriation at the time of cancellation, adjusted for obligations and payments which are incurred or made subsequent to cancellation, and which would otherwise have been properly charged to the appropriation except for the cancellation of the appropriation); or

2. The unexpired unobligated balance of the currently available appropriation; or

3. One percent of the total original amount appropriated to the current appropriation being charged.

a. For annual accounts, the 1 percent limitation is of the annual appropriation for the applicable account--not total budgetary resources (e.g., reimbursable authority).

b. For multi-year accounts, the 1 percent limitation applies to the total amount of the appropriation. As an example, if a multi-year account enacted for FY 1992 through FY 1994 is $100 million, then the 1 percent limitation in FY 1992 would be $1 million. If, at the end of FY 1992, $650,000 was used for payment of obligations of canceled accounts, then the amount available to be used for such payments in FY 1993 would be $350,000 ($1,000,000 minus $650,000).

c. For contract changes (as specified in subsection 100202, below), charges made to currently available appropriations will have no impact on the 1 percent limitation rule. That is, the 1 percent (of the currently available appropriation) amount will not be decreased by the charges made to current appropriations for contract changes.

G. In order to prevent overpayments and ensure that applicable limitations are not exceeded, DoD Components shall:

1. Identify the unobligated balance and unpaid obligations of all expired appropriations at the time they expire.

2. Identify the unobligated balance and unpaid obligations of all canceled appropriations at the time they are canceled.

3. Identify to canceled accounts all obligations and payments charged to currently available appropriations, which otherwise would have been properly chargeable

(both as to purpose and amount) to a canceled appropriation (as provided for in paragraph 100201.F., above).

4. Maintain identification of the amount for which it is permissible to charge current appropriations for obligations and payments which otherwise would have been properly chargeable (both as to purpose and amount) to a canceled appropriation. This amount is determined by subtracting, from the unexpended balance of the appropriation at the time it was canceled, all subsequent obligations and payments made as indicated in subparagraph 100201.G.3., above.

5. Maintain proper general ledger controls for valid unpaid obligations and receivables pertaining to canceled accounts. General ledger controls shall be perpetuated until all obligations are paid and accounts receivable collected. (This will ensure that valid liabilities continue to be tracked until satisfied, even though the accounts are canceled.)

100202. Implementation of Contract Change Provisions Within the Department of Defense

A. Public Law 101-510 defines a "contract change" as a change under which a contractor is required to perform additional work. Subsections 100204 and 100205, below, contain procedures for requesting approval of certain obligation adjustments for contract changes.

B. Obligation adjustments, such as incentive or award fees and price inflation (escalation or economic price adjustments), are not considered contract changes for purposes of paragraph 100202.A., above. To the extent otherwise appropriate, such amounts may be charged to applicable accounts which otherwise have expired for incurring new obligation (but have not yet been canceled). Such charges or adjustments shall be supported by comprehensive written documentation containing a statement that the charges do not require, involve, or result in additional work or changes in scope. This statement shall explain the circumstances, contingencies, or management practices that necessitated the adjustment.

C. Title 10, United States Code, section 7313(b), and applicable appropriation language, permit expired appropriations available to the Department to be used for new obligations of appropriations for specific purposes. Those include payment to a Working Capital Fund activity and payment to a contractor for unusual cost overruns and changes in the scope of work for ship overhaul, maintenance, and repair.

1. While expired appropriations may be used in certain instances for new obligations, these appropriations are not available beyond the end of the fifth fiscal year following their expiration.

2. DoD appropriations--primarily Operation and Maintenance, Navy appropriations--covered by 10 U. S. C. 7313(b) expire and are canceled at the same time as other appropriations. These appropriations shall not be available for the payment of changes in the

scope of work for ship overhaul, maintenance, and repair beyond the end of the fifth fiscal year following the expiration of such appropriations for other purposes.

100203. Shipbuilding and Conversion (SCN), Navy Appropriation.

A. The period of availability to incur obligations in the SCN appropriations for all purposes normally is 5 years. However, for limited purposes, SCN funds are available for obligation after the 5-year period has ended. Appropriation language for the SCN appropriation often contains a provision to the effect that additional obligations for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction may be incurred after the appropriation otherwise would expire for obligation. This additional period allowed for incurring new obligations for such purposes is called "extended availability."

B. The Department of Defense and the Department of the Treasury employ special procedures to establish extended availability authority for the SCN appropriations because not all work required to induct a ship into the fleet can be completed within the first 5 years of availability of an SCN appropriation. The procedures are summarized as follows:

1. The fiscal year of the latest obligation work limiting date (OWLD) for the last vessel financed by a particular SCN appropriation will represent the period of availability for obligation. After such date, the appropriation enters an expired status for 5 years and the balances are available only for obligational adjustments and payments.

2. An SCN appropriation is canceled/closed on September 30 of the fifth year following the year of the last OWLD. Before the end of each fiscal year, the Department of Defense notifies the Department of the Treasury of the last OWLD for the SCN appropriation that will be expiring on September 30 of that fiscal year. By the ninth workday of November of each year, the unobligated and obligated balances of that SCN appropriation are transferred by an SF 1151, "Non-Expenditure Transfer Authorization" to the new Treasury fiscal year symbol.

3. For example, on September 18, 1995, the Navy notified the Department of the Treasury that the last OWLD for the FY 1991/1995 SCN appropriation was September 30, 2001. Before November 14, 1995, the balances of that SCN appropriation were transferred to the FY 1991/2001 SCN appropriation with a cancellation date 5 years later--September 30, 2006.

C. The obligated and unobligated balances of the merged SCN account are not available for adjusting and disbursing purposes after September 30, 1993.

100204. Obligation Adjustments for a Contract Change in Excess of $4 Million. An obligation adjustment for a contract change under which a contractor is required to perform additional work, may be incurred only if the obligation has been approved by the USD(C), as designee of the Secretary of Defense. Approval shall be sought when the amount of the

obligation would cause the total amount of charges in any fiscal year for a single program, project, or activity to exceed $4 million and the account being used to fund the obligations is no longer available for new obligation.

A. Requests for approval, if necessary, shall be submitted by the applicable DoD Component to the ODC(P/B).

B. Requests for approval shall include the following documentation:

1. The amount to be obligated,

2. The purpose for which the funds are to be obligated, and

3. An explanation of the obligation adjustment including the reason for the adjustment and the contingencies or management practices which caused the need for the adjustment.

C. Supporting documentation shall be retained for future reference.

100205. Obligation Adjustments for a Contract Change of $25 Million or More. Special handling is required to process any obligation adjustment to an expired appropriation for a contract change, under which a contractor is required to perform additional work, for amounts in any fiscal year of $25 million or more. Such adjustments may be made only after the USD(C), as designee of the Secretary of Defense, submits a notice of intention to make the obligation--along with the legal basis and policy reasons for the obligation--to the Armed Services and Appropriation Committees of the Senate and National Security and Appropriations Committees of the House of Representatives.

A. After 30 days have elapsed following submission of the notice, the proposed obligation may be recorded (unless any cognizant congressional committee notifies the USD(C) of its disapproval).

B. Such charges or adjustments shall be supported by a written comprehensive statement concerning the reason for the adjustment. This statement should explain the circumstances, contingencies, or management practices which caused the need for the adjustment.

C. When notification to the Congress is necessary, the applicable DoD Component shall submit the required documentation (including letters to the appropriate congressional committees for the USD(C) signature) to the ODC(P/B).

100206. Reprocurements. Expired funds also may be used to fund a replacement action--replacement contract--under certain conditions. When a reprocurement action will result in a replacement contract, it may be funded from expired funds if all of the conditions in para-

graphs 100206.A.-D., below, are met. (If all of the conditions cannot be met, current year funds shall be used to fund the requested action.)

A. The DoD Component has a continuing bonafide need for the goods or services involved.

B. The original contract was made in good faith.

C. The original contract was terminated for default or for the convenience of the government. If the original contract was terminated for the convenience of the government, the termination shall have been the result of a:

1. Court order;

2. Determination by a contracting officer that the contract award was improper due to explicit evidence that the award was erroneous and when the determination is documented with appropriate findings of fact and of law; or

3. Determination by other competent authority (e.g., a Board of Contract Appeals) that the contract award was improper.

D. A reprocurement contract is used to obtain the goods or services that originally had been ordered under another contract that was terminated either for default or convenience of the government. The replacement contract is:

1. Substantially of the same size and scope as the original contract; and

2. Executed without undue delay after the original contract is terminated.

E. If a reprocurement action will result in an obligation which exceeds $4 million, such action shall be submitted to the USD(C) for approval.

F. If a reprocurement action will result in an obligation that exceeds $25 million, a notice of intention (as discussed in subsection 100205., above), shall be submitted to the congressional committees at least 30 days in advance. After 30 days have elapsed following submission of the notice, the proposed obligation may be recorded unless one of the cognizant congressional committees notifies the USD(C) of its disapproval.

100207. Obligation Adjustments or Payments from Current Appropriations for Canceled Accounts

A. When making payments from a current appropriation account for obligations of a canceled account, DoD Components must request a "subclass" account from the

Department of the Treasury. Requests for subclass accounts must be submitted in writing to the Treasury Department, through the Defense Finance and Accounting Service, and include the purpose for the payment. The address to which requests should be sent is listed in Treasury Bulletin No. 91-03. These subclass accounts will be used to record applicable payments on the books of the Treasury Department. Such payments shall be reported monthly on each Component's Statement of Transactions.

B. Amounts for obligations that otherwise would have been properly chargeable to a canceled account, but are required to be charged to current accounts, shall be recorded only in the current account when payment is imminent during the current fiscal year. Therefore, amounts for such obligations shall not be reported on the year-end FMS Form 2108 unless payment has been made. However, if at year-end, such amounts for obligations are known to be payable in the coming fiscal year, this information should be footnoted on the year-end FMS Form 2108.

C. Current year obligation adjustments required due to canceled balances shall be entered against specific applicable line items in column k of DD Form 1416, "Report of Programs," as a negative amount. If these adjustments cause the line item to exceed current year reprogramming thresholds, the amount in column k will be footnoted to indicate that the amount is "applicable to canceled account adjustments." No reprogramming action will be required. In addition, the total of all canceled account adjustments charged to the applicable appropriation will be entered in column k as a separate line item titled "Reduction to Finance canceled Account Adjustments." This amount shall be shown as a positive number.

100208. Use of Current Year Funds When Sufficient Obligational Authority Does Not Exist in a Expired Appropriations. Section 1004 of the National Defense Authorization Act for FY 1993 permits current year funds to be used when sufficient obligational authority does not exist in expired appropriations for Fiscal Years before 1992 whose availability for new obligations expired at the end of FY 1985 through FY 1992, and which are not canceled. That authority contains the following restrictions:

A. The amount charged to a current account may not exceed an amount equal to 1 percent of the total amount of the current appropriation being charged, or 1 percent of the total amount of the appropriation of the expired account, whichever is less. (The 1 percent limitation under section 1004 is in addition to the 1 percent limitation under Public Law 101-510 (see paragraph 100201.F., above) that applies to charges that can be made to a current account when the account that should have been charged has been canceled.)

B. The appropriate expired account shall be charged for obligations that are properly chargeable to an expired account whenever sufficient resources exist to fund the obligation in the applicable expired account. There should be no charges against a current account if there is a sufficient balance remaining in an expired account.

C. Obligations that otherwise would be properly chargeable to an expired account, except that insufficient resources exist in the expired account to fund the applicable

obligation, should not be charged against a current account unless all of the following conditions have been met:

1. The obligation is charged to an appropriation available for the same purpose as the applicable expired account and is otherwise properly chargeable (except as to amount) to the applicable expired account before cancellation of the expired account.

2. The Military Department Assistant Secretary for Financial Management and Comptroller or the Comptroller of a Defense Agency has determined that sufficient obligational authority does not exist in the applicable expired account to fund the applicable obligation.

3. The obligation is not otherwise properly chargeable to any Department of Defense current appropriation.

4. The USD(C) has approved the charge to the applicable appropriation and notified the Congress of the proposed obligation, and 30 days have elapsed.

D. The Department must notify the Congress 30 days in advance of incurring such obligations. Therefore, DoD Components shall prepare, and submit to the USD(C) for subsequent transmittal to the Congress, notification of any proposed obligations against a current account for obligations that otherwise would be properly chargeable (except as to amount) to an expired account, except that insufficient resources exist to fund the obligation in the applicable expired account. As a minimum, such notifications shall:

1. Identify the amount to be charged,

2. Identify the purpose for which the funds are to be obligated, and

3. Include a summary of all relevant facts justifying the proposed obligation.

E. Within 60 days after the date of a request to charge an obligation is submitted to the Congress, DoD Components shall submit a report to the USD(C), for subsequent transmission to the Congress and the President, providing the status of an investigation of an Antideficiency Act violation when:

1. An obligation is charged against a current account when the obligation otherwise would be properly chargeable (except as to amount) to an expired account.

2. Insufficient resources exist to fund the obligation in the applicable expired account.

100209. Crediting of Collections After an Account is Canceled

A. Valid accounts receivable shall not be written off as a result of cancellations of appropriations with negative unliquidated obligations. Proprietary accounts must be maintained until settled by the debtor.

B. When collections that are authorized or required to be credited to an account are received after the cancellation of an account, those collections should be deposited in the departmental receipt account 3200, Collection of Receivables from Canceled Accounts. Accounting entries for crediting of collections after an account is canceled are contained in Appendix A.

100210. Exceptions to Periods of Availability of Accounts for Adjusting and Liquidating Obligations

A. Requirements applicable to the cancellation of appropriations apply to all appropriation accounts unless specifically exempted by statute. A provision of an appropriations act may exempt an appropriation from the provisions of the new requirements for the closing of accounts and may fix the period for which an appropriation remains available for expenditure (31 U.S.C. 1557). Additionally, an appropriations act applies only to a specific fiscal year's appropriation. However, in order to preclude application to an appropriation of the limitations on expenditure provided in the new provisions of Title 31, the statute must:

1. Identify the appropriation account for which the availability for expenditure is to be extended.

2. Provide that the appropriation account shall be available for adjusting and liquidating obligations properly chargeable to the account, and

3. Extend the availability for expenditure of the obligated balances.

B. The availability for expenditure of specific accounts may be changed only through specific legislation. This authority shall be requested only when payment of old balances from unexpired funds (based on historical outlay data) regularly would exceed the 1 percent limitation or would severely impact the current program.

1. When the nature of a DoD Component's program requires disbursements beyond the 5-year period, the DoD Component shall submit proposed changes in appropriation language to the ODC(P/B). The ODC(P/B) shall submit the proposed changes to the Office of Management and Budget for approval.

2. Absent specific authority, DoD Components, through the ODC(P/B), may seek reappropriations of canceled balances and defer payment until the

appropriation is available. Receiving a reappropriation will be treated as adding new budget authority.

100211. Antideficiency Act Violations. DoD Components are required to investigate and report violations of the Antideficiency Act when certain limitations are exceeded in Public Law 101-510 and section 1004 of Public Law 102-484 as well as specific provisions in a number of sections of Title 31 of the United States Code. Explicit guidance is provided in Volume 14 of this Regulation.

100212. Control, Reporting, and Certification Requirements. Title 31, United States Code, sections 1554 and 1556, as amended, contains permanent audit, control and reporting requirements pertaining to the liquidation of obligations.

A. Control Requirements

1. Section 1554(a) stipulates that any audit requirement, limitation on obligations, or reporting requirement applicable to an appropriation will continue to apply to that appropriation following expiration of the period of availability for new obligation of that appropriation. Thus, if an appropriation act contains a limitation on the obligation of funds for a program, project or activity, or other purpose, then that limitation will continue to apply during the 5-year period following the period of availability for obligation of that appropriation. Additionally, the limitation will continue after the appropriation has been canceled.

2. DoD Components shall establish internal controls to ensure that an adequate review of obligated balances is performed to support the certification.

3. Proper general ledger controls shall be maintained for canceled valid unpaid obligations and accounts receivable in canceled accounts. Although balances in unexpired accounts may be used to fund canceled obligations, canceled obligated balances shall not be posted to unexpired accounts solely because the purposes may be related. Canceled obligations shall be posted to unexpired accounts only when a disbursement will be paid during the current year.

B. Reporting and Certification Requirements

1. Section 1554. Under the provisions of 31 U.S.C. 1554, the Secretary of Defense, or his designee, is required to submit a report to the President and the Secretary of the Treasury concerning the unliquidated obligations, unobligated balances, canceled balances and adjustments made to appropriation accounts during the preceding fiscal year.

a. Due Date. This report is due not later than 15 days after the President submits his budget to the Congress. The first report was due in 1992 for FY 1991 balances and transactions.

b. Distribution Requirements. A copy of the report is required to be submitted to the Speaker of the House of Representatives and to the Committee on Appropriations, the Committee on Governmental Affairs, and other appropriate oversight and authorizing committees of the Senate (such as the Armed Services Committee).

c. Contents. Section 1554(b) requires that these reports shall contain:

(1) An itemization of related appropriation accounts, identified by fiscal year and the balances identified in each account. This itemization is reported on the fiscal year-end FMS Form 2108.

(2) A listing of each current and expired appropriation. This list is included in the fiscal year-end FMS Form 2108.

(3) Identification of payments made from each currently applicable appropriation account with respect to those amounts which would have been otherwise properly chargeable to another account, both as to purpose and amount, except that the other account has been canceled (31 U.S.C. 1553). These payments are reported on the DoD Components' Statement of Transactions.

(4) Separate identification of obligation adjustments made to each currently applicable appropriation account that otherwise would have been properly chargeable to another account, both as to purpose and amount, except that the other account has been canceled. These amounts are reported on the fiscal year-end FMS Form 2108.

(5) Identification of all balances canceled on September 30th of the fifth year following the expiration of an appropriation account's availability for incurring new obligations (31 U.S.C. 1552(a)). These balances are reported on the fiscal year-end FMS Form 2108.

(6) Identification of those appropriation accounts available for an indefinite period that have been canceled because (a) no disbursements have been made from the account for a period of 2 years and (b) the President or the Secretary of Defense has determined that the purposes for which the appropriation was made have been carried out (31 U.S.C. 1555).

(7) A certification by the DoD Components that the obligated balances in each appropriation account of the Department reflect properly existing obligations and that expenditures made from each account since the time of submission of the prior report were supported by a proper obligation of funds and otherwise were proper.

100213. Other Procedures. The following paragraphs provide detailed information about other review, accounting, and correction procedures regarding current and expired accounts.

A. Apportionment Procedures. The apportionment schedules (DD Form 1105) will reflect the following footnote: "Up to one percent of the original amount of the appropriation ($xxx.xx), or the unobligated balance, whichever is less, may be utilized for the purpose of obligation adjustments and payments, which would otherwise have been properly chargeable (both to purpose and amount) to a canceled appropriation." To the extent that supplemental appropriations are enacted, reapportionment of the initial "one percent" amount may be requested.

B. Unliquidated Obligations. DoD Components shall review remaining unliquidated balances in expired accounts, and prior to cancellation, deobligate all amounts not supported by documentary evidence.

C. Payments After Cancellation of Appropriations. Amounts presented for payment that cite appropriations that have been canceled (appropriations beyond the end of the fifth year following the expiration of their availability for incurring new obligations) shall not be paid until the disbursing office has obtained a currently available appropriation fund cite from the funding activity.

D. Unmatched Disbursements for Canceled Accounts. When a disbursement is made properly before the cancellation of the appropriation to which an obligation was charged, but is not identified and matched with the proper obligation until after the cancellation of the appropriation, that disbursement shall be charged to the canceled appropriation. Appropriate corrections to accounting records and reports shall be made as necessary. See paragraph 100212.J., below, if an error is discovered in a canceled account for a disbursement made prior to the cancellation of that account.

E. Negative Unliquidated Obligations. Negative unliquidated obligation balances generally occur in an account when valid disbursements are incorrectly matched with obligations and the disbursements exceed the obligations. Negative balances represent error conditions which should be researched and corrected as quickly as possible. For additional guidance regarding negative unliquidated obligations, see chapter 11 of this volume.

F. Line Item Detail. The level of detail required to be maintained for expired accounts is the same as that required to be maintained for current accounts. The level of detail should facilitate cost determinations and program assessment and evaluation, while maintaining an appropriate level of visibility over expired accounts, providing an appropriate audit trail, and meeting the objectives of the closing accounts legislation.

G. Uncollectible Accounts Receivable. Appendix A contains appropriate entries to account for uncollectible accounts receivable in canceled accounts. A write-off of an uncollectible reimbursement receivable does not change total obligations within budgetary

accounts. However, such write-off would result in a reclassification, to a direct program obligation, of an obligation previously incurred.

H. Closing an Account with a Negative Balance. Existence of a negative balance does not excuse an account from being canceled. Such accounts should be canceled in accordance with applicable valid requirements and a receivable established for the amount of the negative balance.

1. Informational accounting reports (i.e., FMS 2108, SF 133, and SF 220-9) shall continue to be submitted for the applicable account until the negative balance is resolved. As appropriate, these informational reports should (a) indicate that the account is canceled, (b) show the amount of the negative balance at the time the account was canceled, and (c) show the current amount of the applicable receivable.

2. A negative balance may be liquidated by receiving offsetting collections. Collections of overpayments shall be deposited to Treasury account 3200. An account with a negative balance may indicate that a violation of the Antideficiency Act has occurred. A formal investigation should be initiated immediately. Additional information on Antideficiency Act violations may be found in Volume 14 of this Regulation.

I. Accounting for Uncollectible Accounts Receivable in Canceled Accounts. Budgetary accounts corresponding to accounts receivable shall be closed when an account is canceled. Total obligations within budgetary accounts should not change when the budgetary accounts are closed. The write-off of an uncollectible reimbursement receivable would result in a reclassification, to a direct program obligation, of an obligation previously incurred under the reimbursable program.

1. For refunds receivable, budgetary accounts established to track the status of obligational authority (i.e., undelivered orders, unpaid accrued expenditures and refunds due) shall not be closed since their continued identity is necessary to assure that cumulative payments, even though paid from a current account, do not exceed the original appropriation of the closed account.

2. Propriety accounts established for accounts receivable and refunds receivable applicable to canceled accounts shall be reclassified as Accounts Receivable--Canceled Accounts. The subsequent collections of such amounts for this account shall be deposited to the Treasury Miscellaneous Receipts Account.

3. If, after compliance with established collection procedures, it is determined that an account is uncollectible, the account should be written off by charging a bad debts account. The write-off of an uncollectible account or refund receivable applicable to the reimbursable program should result in a reclassification, to a direct program obligation, of obligations previously incurred under the reimbursable program.

J. Correction of Reporting Errors in Expired Accounts. Treasury Bulletin 94-04, "Account Closing Provisions of the FY 1991 National Defense Authorization Act," contains procedures for requesting a correction to an expired account that is now closed.

1. Corrections may be requested for two categories of errors: (a) clerical errors such as misplaced decimals, transposed digits, or transcribing errors resulting in inadvertent cancellations of budget authority and (b) errors made in classifying a payment made prior to the closing of an account, but not discovered until after the account was closed.

a. For clerical errors, the request must include the appropriation account number, the reason for the restoration, and convincing evidence of the clerical error to justify the restoration required to make the correction. At a minimum, this includes the original accounting record from which the incorrect posting was made and a record showing the incorrect amount.

b. For classification errors, the Treasury Department will accept reporting to (1) correctly classify payments previously reported to suspense/clearing accounts or (2) correct classification errors between current and closed accounts, when submitted by the deadline below.

2. Requests for the correction of errors must be received by the Treasury Department by March 31 of the year after the account in question was closed. For example, if an expired account was closed in FY 1996, a request for any corrections to that account must be received by the Treasury Department before March 31, 1997.

a. Requests for correction of a clerical error should be sent to the following address:

Finance Management Branch
Financial Management Service
Department of the Treasury
Liberty Center (UCP 723)
Washington, DC 20227

b. Requests for reporting to be allowed against a closed account shall be submitted, along with a hardcopy Statement of Transactions report, to the following address:

Budget Reports Branch
Financial Management Service
Department of the Treasury
Liberty Center (UCP 749)
Washington, DC 20227

3. If a request for the correction of errors affects another DoD Component, such requests must be coordinated with the affected DoD Component and submitted to the Defense Finance and Accounting Service (DFAS), Deputy Director for Accounting, 1931 Jefferson Davis Highway, Arlington, VA 22240-5291. The DFAS will submit the requests to the Treasury Department after completion of its review.

4. Comptroller General Decision B-251287.3, dated November 1, 1995, stated support for Treasury Department adjustment of DoD canceled appropriation account balances, without regard to administratively established timeframes (contained in Treasury Bulletin 94-04, which is discussed above), to reflect disbursements made before cancellation of the accounts. The CG decision requires that any adjustment made by the Department of Defense be supported by documentary evidence and be able to withstand audit scrutiny. To implement this decision, the USD(C) had issued procedures on June 30, 1995, mandating the research and correction of unmatched disbursements and negative unliquidated obligation transactions and processing the resulting adjustments to the Treasury Department. For further information, see chapter 11 of this volume.

100214. Processing Invoices Involving Canceled Fiscal Year Funds. Appendix B, "Questions and Answers Pertaining to Processing Invoices from Canceled Fiscal Year Funds," provides detailed procedures for processing such invoices.

APPENDIX A

ACCOUNTING ENTRIES FOR CREDITING OF COLLECTIONS

1. Public Law 101-510, Section 1405 (31 U.S.C. 1552), "Procedure for appropriation accounts available for definite periods," stipulates the following:

> "a. On September 30th of the 5th fiscal year after the period of availability for obligation of a fixed appropriation account ends, the account shall be closed and any remaining balance (whether obligated or unobligated) in the account shall be canceled and thereafter shall not be available for obligation or expenditure for any purpose."
>
> "b. Collections authorized or required to be credited to an appropriation account, but not received before closing of the account under subsection (a) or under section 1555 of this title, shall be deposited in the Treasury as miscellaneous receipts."

2. As noted above, P.L. 101-510 requires that all balances are closed and any collections received after closing are deposited to the Treasury Miscellaneous Receipts Account following the end of the 5th year after expiration of an account. Thus, the following procedures are applicable to accounts receivable and refunds receivable. Accounts receivable are amounts due from others for goods furnished and services rendered. Refunds receivable are requested returns of advances or recoveries of erroneous disbursements that are directly related to, and reductions of, previously recorded payments from the accounts.

3. Budgetary Accounting Entries

a. Accounts Receivable. Budgetary accounts corresponding to accounts receivable shall be closed as follows:

Dr	4222	Customer Orders Accepted
Cr	4252	Reimbursements Earned - Uncollected

Total obligations within budgetary accounts should not change as a result of the above entry. However, the write-off of an uncollectible reimbursement receivable would result in a reclassification, to a direct program obligation, of an obligation previously incurred under the reimbursable program.

b. Refunds Receivable. Refunds receivable applicable to a direct program are recorded in general ledger account 4932, "Accrued Expenditures - Refunds Due - Direct Program." Refunds receivable applicable to the reimbursable program are recorded in general ledger account 4942, "Accrued Expenditures - Refunds Due - Reimbursable Program." These accounts represent amounts due to be returned from previously made liquidated obligations (Accrued Expenditures - Paid). Budgetary accounts established to track the status of obligational authority (i.e., undelivered orders, unpaid accrued expenditures and refunds due) shall not be

closed since their continued identity is necessary to assure that cumulative payments, even though paid from a current account, do not exceed the original appropriation of the closed account.

4. Proprietary Accounting Entries

Proprietary accounts established for "Accounts Receivable" and "Refunds Receivable" applicable to canceled accounts shall be reclassified as "Accounts Receivable - Canceled Accounts." The subsequent collections of such amounts should be deposited to the Treasury Miscellaneous Receipts Account. Until other formal accounting entries are published, the following entries should be used:

a. To reclassify accounts receivable upon cancellation of the account and recognize the liability to deposit collections into the Treasury Miscellaneous Receipts Account.

Dr 1310X Accounts Receivable - Canceled Accounts 1/
Cr 1311-14 Accounts Receivable
Cr 1315-16 Refunds Receivable

and

Dr 3610 Uncollected Revenue - General Fund - Miscellaneous Receipts
Cr 2411 Deposit Fund Liabilities

1/ The "X" following account number 1310 indicates that a formal account for this purpose does not currently exist in the DoD Uniform Chart of Accounts.

b. To record collection of canceled accounts receivable.

Dr 1011 Funds Collected
Cr 1310X Accounts Receivable - Canceled Accounts

c. To record deposit, after collection, of accounts receivable - canceled accounts to the Treasury Miscellaneous Receipts Account.

Dr 2411 Deposit Fund Liabilities
Cr 1012 Funds Disbursed

and

Dr 3620 Funds Returned to General Fund Miscellaneous Receipts
Cr 3610 Uncollected Revenue - General Fund - Miscellaneous Receipts

5. If, after compliance with established collection procedures, it is determined that an account is uncollectible, the following entries should be made:

Dr 6129 Bad Debts
Cr 1310X Accounts Receivable - Canceled Accounts

and

Dr 2411 Deposit Fund Liabilities
Cr 3610 Uncollected Revenue - General Fund - Miscellaneous Receipts

The write-off of an uncollectible account or refund receivable applicable to the reimbursable program should result in a reclassification, to a direct program obligation, of obligations previously incurred under the reimbursable program. (The write-off of an uncollectible refund receivable applicable to the direct program does not require reclassification.) The reclassification of an uncollectible account or refund receivable applicable to the reimbursable program may be accomplished through the following two entries:

a. To eliminate unliquidated reimbursable program obligations, the following entries should be made. (Note: Liquidated reimbursable program obligations previously should have been eliminated through the account closing process.)

Dr 4820 Undelivered Orders - Reimbursable Program
Dr 4920 Accrued Expenditures - Unpaid - Reimbursable Program
Dr 4942 Accrued Expenditures - Refunds Due - Reimbursable Program
Cr 4582 Allotted Reimbursable Program

b. To reclassify the canceled reimbursable program unliquidated and liquidated obligations as canceled direct program obligations, the following entries should be made.

Dr 4611 Uncommitted/Unobligated Allotments - Direct Program
Cr 4810 Undelivered Orders - Direct Program
Cr 4910 Accrued Expenditures - Unpaid - Direct Program
Cr 4931 Accrued Expenditures - Paid - Direct Program

6. It should be observed that a write-off of uncollectible accounts receivable does not increase total obligation balances in budgetary accounts. However, as noted previously, the write-off of a receivable would result in a reclassification of obligations from the reimbursable to the direct program.

7. A reimbursable order provides obligation authority. Obligation authority is provided by (a) the acceptance of a reimbursable order from other Federal Government accounts that represent obligations of the ordering account and (b) orders from the public, including state and local governments, to the extent accompanied by an advance. This obligation authority is used

(obligated) by the performing activity in fulfilling the accepted order. Fund resources to liquidate reimbursable obligations in the performing activity's account are obtained through payments from the ordering account. Payments may be in the form of advances, progress payments, or final payment upon completion of the order. In the absence of such a payment, fund resources are paid from the direct program authority of the performing account.

8. To the extent that (a) obligations, due to the reclassification of reimbursable program obligations, are in excess of direct program obligation authority, or (b) expenditures (liquidation of obligations) are in excess of appropriated funds plus reimbursements expected to be earned and collected, there is a violation of the Antideficiency Act. For additional guidance on violations, see Volume 14 of this Regulation.

9. The status of obligated and unobligated balances in direct and reimbursable programs, even in an account which has been closed, must be continuously maintained. If direct program unobligated balances in a closed account are sufficient to absorb the reclassification of reimbursable program obligations, the charging of write-offs of uncollectible receivables to current year accounts does not appear necessary.

a. The presence of a sufficient existing unobligated balance in a closed account in a direct program is determined by deducting from the unobligated balance at the time of cancellation all amounts charged to current appropriations which otherwise would have been chargeable to the closed account, both as to purpose and in amount, except that the account was canceled. Thus, if obligations and/or expenditures are incurred against a reimbursable order, and if that reimbursable order later is declared uncollectible, then a violation would exist to the extent that appropriated (direct program) resources existing in a closed account are not sufficient to absorb those obligations and/or expenditures.

b. Thus, to avoid a violation of the Antideficiency Act, the presence of a sufficient unobligated balance in an existing direct program must exist in a closed account to absorb the reclassification of uncollectible reimbursable program receivables. However, in accordance with closing account legislation, the actual payment of an amount originally obligated in an account that has since closed shall be made from a current account available for the same purpose subject to the 1 percent limitation.

APPENDIX B

QUESTIONS AND ANSWERS PERTAINING TO PROCESSING INVOICES FROM CANCELED FISCAL YEAR FUNDS

1. Should contract modifications be issued to obligate current year funds?

Answer: Contract modifications citing current year funds for unpaid amounts are not required simply because previous valid obligations were from appropriations subsequently canceled. The document providing the chargeable fund cite to the disbursing officer should be used as the obligation document at the time of payment. Additionally, applicable contracts should be annotated to indicate the appropriation from which the payment was made.

2. Are there invoice submission cut-offs for subsequent expiration dates?

Answer: Cut-off dates involving expired account transactions should be no different than for other transactions. However, special efforts should be made to ensure that all valid invoices citing accounts subject to cancellation are processed before the account is canceled. The official cancellation date is September 30. Therefore, all valid invoices dated as of September 30 may be charged against an account before it is canceled.

3. Are there any prohibitions against reallocating previous payments to oldest year funds in the contract?

Answer: The Department's current policy provides for progress payments to be identified to the appropriate contract line/fiscal year. Only when such an identification is not feasible should the amounts be allocated to contract lines or fiscal years. In the absence of contractor or program management identification, current guidance permits such allocations to be made to the oldest fiscal year. For previous allocations, if the benefiting fiscal year is known, the applicable amounts should have been charged to the benefiting fiscal year. However, if the benefiting fiscal year is unknown and amounts already have been allocated, there is little basis for reallocating those funds to the oldest fiscal year.

4. What is the definition of payment adjustments as they relate to Public Law 101-510?

Answer: Payment adjustments may result from escalation or economic price adjustments, or from final audit and settlement. Payment adjustments exclude contract changes and changes in scope as well as any other change that results in additional contractor billable costs.

5. How should adjustment billings submitted by a contractor as a result of definitization of a contract be handled?

Answer: If the definitization of a contract results in an additional amount due to the contractor, and the additional amount would be chargeable to a canceled appropriation, then

current year funds must be requested. If the definitization results in an amount due from the contractor which would have been credited to a canceled appropriation, that amount must be credited to miscellaneous receipts account 3210. However, amounts due to expired, but not yet canceled, appropriations should be credited to the expired appropriation.

6. What is the process for the payment office to request current year funds to pay an invoice in-house?

Answer: Within 48 hours after receipt of an invoice payable from canceled funds, the disbursing officer shall: (a) identify the budget office funding the contract by contacting the fiscal office and (b) notify the head of the office, installation, or activity in which the budget office is located of the need for funds. Only the net amount required (total amount less progress payments paid) shall be requested. Notification should be by message, express mail or facsimile and should include identification of the contract, contractor, invoice date, invoice amount, and payment due date (including DoD required payment data for progress payments and interim vouchers). The disbursing officer shall provide copies to the procurement contracting officer.

The office, installation, or activity funding the contract should notify the disbursing officer or replacement funds chargeable to an appropriation currently available for the same purpose. This notification should be transmitted by message, express mail or facsimile as soon as possible, but no later than 15 calendar days from the date of the disbursing officer's request. If replacement funds cannot be provided within 15 calendar days, an estimate should be provided as to when the funds are expected to be available.

APPENDIX C

DEFINITIONS

1. Adjustments to Expired or Closed Accounts. Increases or decreases to commitments, obligations, or expenditures. Adjustments include recording commitments, obligations, or expenditures that were made or incurred during the period prior to expiration or cancellation of the account but not recorded.

2. Closed/Canceled Accounts. Accounts with balances that have been canceled under Title 31, United States Code, sections 1552, 1555, or 1557. Once balances are canceled, the amounts are not available for obligation or expenditure for any purpose.

3. Expired Accounts. Appropriation or fund accounts in which the balances no longer are available for incurring new obligations because the time available for incurring such obligations has expired. There are various types of expired accounts:

a. Expired Accounts Established Under P.L. 101-510. Expired accounts that (1) contain unliquidated obligated and unobligated balances, (2) maintain their fiscal year identity for five years, and (3) are available for recording, adjusting, and liquidating obligations properly chargeable to that account. These accounts began with balances that expired on September 30, 1991.

b. Expired Accounts (established before November 5, 1990) that were not Transferred to the "M" Accounts or Canceled. Accounts that (1) contain obligated balances that expired on September 30, 1989, and September 30, 1990; (2) contain unobligated balances that were restored from surplus funds; and (3) maintain their fiscal year identity until their balances are canceled on September 30, 1994, and September 30, 1995, respectively.

c. "M" Accounts (Established before November 5, 1990). Expired accounts that (1) contain unliquidated obligated balances and (2) have been merged with unliquidated obligated balances from prior years. "M" accounts generally are established by appropriation title (e.g., Operation and Maintenance, Procurement, Research and Development) for the same general purpose. No new "M" accounts will be established; all such accounts were canceled on September 30, 1993.

d. Merged Surplus Authority (Established before November 5, 1990). Expired accounts with (1) balances that were available for upward adjustments to prior obligations that were previously incurred and (2) were canceled on December 5, 1990. These were obligated balances withdrawn by the Treasury Department for accounts which have been expired for more than two years.

4. Fixed Accounts. Appropriation or fund accounts with balances that are available for a definite period of time. The fixed accounts are comprised of annual and multi-year accounts. The universe of appropriation or fund accounts is made up of fixed accounts and no-year accounts.

5. Section 1004 Obligations. For purposes of implementing the provisions of section 1004 of P. L. 102-484, the term "obligation" means any binding agreement properly chargeable to a fiscal year that is expected to result in an outlay. An obligation includes, but is not limited to, an upward obligation adjustment or a reobligation.

6. Unexpired Accounts. Appropriation or fund accounts in which the balances are available for incurring obligations because the time available for incurring such obligations has not yet expired. Audit requirements, limitations on obligations, and reporting requirements applicable to unexpired accounts shall continue to apply after the end of the period of availability for obligation or expenditure of that account.

7. Unrecorded Obligations. Obligations that were incurred legitimately during the period of fund availability, but were not recorded in the Component's records prior to expiration of the appropriation or fund. For purposes of this guidance, "unrecorded" obligations are included in obligation adjustments. Current accounts may be used to pay previously unrecorded obligations chargeable to a closed account.

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CHAPTER 11

CASH, UNMATCHED DISBURSEMENTS, AND NEGATIVE UNLIQUIDATED OBLIGATIONS

1101 GENERAL

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

1102 DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1103 DISBURSEMENT POSTING POLICY

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

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

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

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

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

1104 TREATMENT OF OVERAGED PROBLEM DISBURSEMENTS

110401 Current and Expired Accounts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Unexpended balance of the canceled appropriation.

2. Unobligated balance of the currently available appropriation charged.

3. One percent limitation, discussed in paragraph 110402.F.

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

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

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

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

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

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

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

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

110403. Expenditure Controls

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

1105 RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Provide the cognizant accounting station an obligation 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 ALL OTHER DISBURSEMENTS

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

110702. Contracts

A. Accounting Office Actions

1. Select contract(s) for review based either on large individual UMD transaction or NULO condition and/or large aggregate total UMD transactions or NULO conditions.

2. Obtain the accounting system transaction history maintained in the accounting office and the payment transaction history from the disbursing office, or the output of obligation and payment differences from an accounting system/payment system comparison program if there are numerous unmatched disbursements showing incompatibility with the funds or amounts on the contract.

3. Review the output of a comparison program of the accounting and payment systems, when available. This can substitute for transaction histories from either system, and will reveal obligation modifications recorded in one system but not the other, as well as potentially omitted modifications.

4. Review obligation transactions recorded in the accounting system to determine that all contract modifications have been recorded.

5. Follow up with the contracting office and contract administration office to verify that all modifications have been recorded, and request that any contract modification errors and omissions be corrected or recorded when a missing contract modification is suspected.

6. Determine indicated error condition of each unmatched disbursement (e.g., wrong appropriation or insufficient funds) to guide further research.

7. For a UMD, make a systems inquiry, or request the accounting system closed contract history if there is no contract on the active accounting system records. If the contract is in the closed history file, take action to reopen the contract and record the transaction.

8. Review unmatched transactions for indications of specific error conditions. Such conditions include omitted progress payment recoupments for a contract having progress payments, inappropriate appropriation data configurations, or duplicate submission of payment data.

9. Report corrections made to transactions for accounting system recording, (e.g., changes to the appropriation data configuration) to the disbursing office for correction of its records.

10. Reject, back to the disbursing office for correction or recovery, those transactions that cannot be corrected, such as wrong accounting office or suspected overpayments. Take related required central reporting system actions.

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

B. Disbursing Office Actions

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

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

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

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

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

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

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

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

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

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

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

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

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

110705. MILSTRIP Requisitions. The accounting office shall:

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

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

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

110706. Unidentified Document Numbers. The accounting office shall:

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

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

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

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

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

110707. Other Transactions

A. Accounting Office Actions

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

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

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

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

B. Funding Office Actions

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

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

1108 REQUESTS TO DISCONTINUE UNSUCCESSFUL RESEARCH EFFORTS

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

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

111402. Recurring Monthly Reporting Requirements

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

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

1115 MAINTENANCE OF ADEQUATE RECORDS

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

Chapter 12

POLICIES AND PROCEDURES GOVERNING THE USE OF THE AUTHORITY OF SECTION 3732, REVISED STATUTES (NOW 41 U.S.C. 11)

1201 OVERVIEW

120101. Purpose. This chapter establishes departmental policy and basic procedures to be followed with respect to the use of the authority of Section 3732, Revised Statutes (41 U.S.C. 11). That statute authorizes the Military Departments to incur obligations for specific purposes in excess of appropriations available.

120102. General

A. Title 41, United States Code, section 11, authorizes the Military Departments to incur obligations in excess of available appropriations in procuring or furnishing clothing, subsistence, forage, fuel, quarters, transportation, or medical and hospital supplies not to exceed the necessities of the current fiscal year.

B. Title 10, United States Code, section 2204, requires the Secretary of Defense to approve scheduled rates of obligations of funds appropriated to the Department for the purpose of restricting obligations and expenditures as may be necessary to prevent overdrafts and deficiencies in any fiscal year for which appropriations are made. Section 2204 does not prohibit the Department from incurring a deficiency as separately authorized by law.

C. Volume 14 of this Regulation (which implements 31 U.S.C. 1517(a)) establishes the basic system of controls and other fundamental requirements for the administration of appropriations and funds. The system of administrative controls was designed to (1) restrict obligations and expenditures against appropriations and funds to the amounts available therein or to the amounts apportioned, and (2) enable officials to fix responsibility in the officers and employees of the Department who may violate any provision of the law or regulation.

1202 POLICY AND PROCEDURES

120201. The Department shall limit its use of the authority in 41 U.S.C. 11 to emergency circumstances. The exigencies of those circumstances must be such that immediate action is imperative and action cannot be delayed long enough to obtain sufficient funds to cover the procurement or furnishing of those items in paragraph 120102.A., above, needed for the current fiscal year. In determining the urgency of the circumstances, due consideration shall be given in each specific case to the feasibility of obtaining funds by use of telephones, facsimile machines, or other electronic means. The authority of 41 U.S.C. 11 shall not be used to circumvent the provisions of 31 U.S.C. 1517(a).

120202. It is not considered practicable to define specifically the conditions and circumstances which conceivably could constitute an emergency. Each instance in which the authority of 41 U.S.C. 11 is to be used must be determined on a case-by-case basis in accordance with the policy guidelines in this chapter.

120203. Funds shall be administered in accordance with the system of administrative controls established by Volume 14 of this Regulation in such a manner that officials, responsible for administering each appropriation, allocation, allotment, and other fund subdivisions, may take timely action to prevent overobligation of any fund subdivision, notwithstanding 41 U.S.C. 11.

120204. Overobligation of any appropriation or fund subject to apportionment, or any subdivision thereof for procurement or furnishing of those items in paragraph 120102.A., above, shall be deemed to be a violation of the Antideficiency Act. There are two exceptions: (A) If the overobligation was made in emergency circumstances in accordance with the spirit and intent of provisions set forth above, and (B) if such procurements are not in excess of the necessities to relieve the period of emergency. However, for the second exception, the necessities for such period cannot exceed the necessities of the current fiscal year.

120205. When it is necessary to create or authorize an overobligation for the purposes set forth in 41 U.S.C. 11, the individual responsible shall determine, and so certify in writing, that all three of the following circumstances existed:

A. An emergency existed within the spirit and intent of this section (1202).

B. The purpose for which the overobligation was created or authorized was to meet other necessities of the period involved.

C. It was not feasible to obtain in advance sufficient funds to cover such necessities.

120206. Such certification shall indicate the amount of the overobligation and shall be filed with the supporting records of the appropriation, allocation, or allotment involved. The overobligation shall be disclosed fully in the fiscal reports to the next higher level of command, indicating that the overobligation was incurred under authority of 41 U.S.C. 11.

120207. Having exercised the authority of 41 U.S.C. 11 pursuant to this chapter, the individual responsible shall advise the next higher level of command immediately and take appropriate steps to obtain additional funds.

CHAPTER 13

RECEIPT AND DISTRIBUTION OF BUDGETARY RESOURCES

DEPARTMENTAL-LEVEL

1301 GENERAL

130101. Purpose. The purpose of this chapter is to prescribe the standards for recording receipt and subsequent distribution of budgetary resources transactions in the departmental-level budgetary accounts.

130102. Applicability and Scope. The departmental-level budgetary accounts apply to the Military Departments and the Washington Headquarters Services at "headquarters" level. All of the departmental-level budgetary accounts are covered in this chapter.

130103. Overview. The main purpose of the budgetary accounts prescribed for a departmental-level accounting entity is to ensure that the budget execution accounting required by the Congress, the Office of Management and Budget (OMB), Treasury Department, and OSD is accomplished. Departmental-level accounting covers appropriation by the Congress, apportionment and reapportionment by OMB, and allocation to the execution level. In addition, budgetary accounts used at the departmental-level ensure that transfers between appropriation and fund accounts, and restorations and withdrawals or write-offs of unobligated balances are properly recorded. The monitoring of lower levels and consolidating reports for higher levels are facilitated by accounting at the departmental-level.

130104. Revisions. The Department currently is revising its general ledger account structure to ensure consistency with the U.S. Government Standard General Ledger published by the Treasury Department. Although that process has commenced, it has not yet completed. Therefore, before the accounts contained in this chapter are used in an automated system, the Director of Accounting Policy, Office of the Deputy Chief Financial Officer, should be contacted for the most current revision at (703) 697-6875 or DSN 227-6875.

1302 STANDARDS

130201. Accounts. The accounts established for use by departmental-level accounting entities implement the U.S. Government Standard General Ledger. In addition to detail level accounts used for routine posting of transactions, summary accounts are provided to facilitate aggregation of data for reporting purposes. Budgetary accounts have been established for recording appropriations and other budget authority realized, apportionments, allocations, transfers, and contract authority transactions. Amounts of budgetary resources received are debited to specifically titled accounts for each of these resources and credited to accounts that recognize the availability status of the resources. The departmental-level accounting entity also issues fund allocations to subordinate commands. In addition, the special actions of restorations and withdrawals or write-offs of unobligated balances are accomplished at departmental-level.

The following subsections set forth the standards for recording transactions in the departmental-level accounts.

130202. Appropriations

A. General. Appropriations are statutory authorities to incur obligations (see subparagraph 130202.A.4, below, for exceptions) and make payments from the U. S. Treasury for specified purposes. An appropriation act is the most common means of providing budget authority to Federal agencies. Budget authority has the following characteristics:

1. Period of Availability. Budget authority may be made available for obligation for varying periods.

a. One-Year (Annual) Authority. Budget authority that is available for obligation only during a specified fiscal year and expires at the end of that period.

b. Multiple-Year Authority. Budget authority that is available for obligation for a specified period of time in excess of one fiscal year.

c. No-Year Authority. Budget authority that remains available for obligation for an indefinite period of time.

2. Determination of Amount. Budget authority may be granted for varying amounts.

a. Definite Authority. Authority that is stated as a specific sum at the time it is granted. This includes authority stated as not to exceed a specified amount. Most DoD appropriations are for definite amounts of authority.

b. Indefinite Authority. Authority for which a specific sum is not stated, but is determined by other factors such as the receipts from a certain source or obligations incurred. For a more complete discussion of indefinite authority, see subsection 130210, below.

3. Reappropriations. Reappropriations are statutory authorities that extend the obligating/paying authority for all or part of the unobligated balances of expiring and expired appropriations. (See subsection 130207, below, for the complete discussion of reappropriations.)

4. Exceptions. Exceptions to the general rule that appropriations provide budget authority to incur additional obligations are as follows:

a. Appropriations to liquidate contract authority (see paragraph 130205.B., below).

b. Appropriations to reduce outstanding debt (see figure 13-10, but generally inapplicable to the Department).

c. Appropriations for refunds of receipts (but generally inapplicable to the Department).

d. Appropriations made to an expired account (4112) to cover obligations in excess of available funds (see figure 13-11, but generally inapplicable to the Department).

5. Appropriation Warrants

a. FMS Form 6200, "Department of the Treasury Appropriation Warrant" (figure 13-1) is a convenient source document for entries into the accounts. To ensure agreement with Treasury Department accounts, warrants must be recorded exactly as received even if they are thought to be in error. Corrections shall be journalized and corrected warrants requested. However, amounts known to be enacted into law must be recorded for accounting period reports regardless of receipt of the warrant.

b. The Military Departments and Washington Headquarters Services (for the OSD/Defense Agencies) shall request FMS Forms 6200 from the Treasury Department during the period of a continuing resolution for a specified period of time less than a full fiscal year, or if the continuing resolution is for a full fiscal year with designated appropriation amounts. When there is a separate appropriation act, the Treasury Department will prepare and distribute the FMS Forms 6200 without a request from the applicable DoD Components.

B. Classification of Appropriations. Departmental-level appropriations and all other budgetary resources must be classified by appropriation account, fiscal year program, and obligation/expenditure limitation, at the level required by OSD for appropriation and fund status reporting (see Chapter 4 of Volume 6 of this Regulation). Needed classification requirements must be obtained from the legal requirements and program/budget documents such as the DD Form 1414 (Base for Reprogramming Action).

C. Recording an Appropriation. The most common departmental-level appropriation transaction is recorded as follows:

Dr 4119 Other Appropriations Realized
Cr 4450 Unapportioned Authority - Available

To record an appropriation realized - Treasury Warrant (figure 13-1).

NOTE: A separate entry is required to establish the fund balance with the Treasury.

D. However, complexities must be accommodated. The appropriation act itself may require withholding some of the appropriation; a rescission may be proposed, or the OMB may impose a deferral. Amounts not made available by apportionment must be so recorded. Credit accounts (4395, "Authority Unavailable Pursuant to Public Law," 4420, "Unapportioned Authority - Pending Rescission," and 4430, "Unapportioned Authority - OMB Deferral") are established to accommodate these complexities. Debit entries reclassifying these credit balances shall be recorded when evidence is received that the legal requirements have been met or the required administrative actions have been taken.

E. Figures 13-49 through 13-52 define the accounts discussed above and illustrate the transactions that affect them.

130203. Appropriation Transfers. Appropriation transfers are distributions of one agency's budgetary resources to another. From a consolidated reporting standpoint, it is important that the issuing and receiving agencies both record the allocation in the same accounting period. Once the transfer is accomplished, the appropriation making the transfer no longer has budgetary and proprietary control of the funds. Budgetary and proprietary responsibility now lies with the appropriation receiving the transfer. Appropriation transfers are non-expenditure transfers and, as such, must be authorized by legislation. Appropriation transfers can be anticipated and recorded as such or they can occur without being previously recorded as anticipated. An anticipated appropriation transfer does not provide any obligation authority. Obligation authority is provided only after the transfers is accomplished and the Office of Management and Budget (OMB) apportions the transferred funds. Figures 13-34 through 13-39 define the accounts used specifically for appropriation transfers and show entries for transactions that affect them. An illustration of the accounting process is:

A. Anticipation of Appropriation Transfer

Transferring Appropriation
Dr 4450 Unapportioned Authority Available
Cr 4160 Anticipated Transfers-Current Year Authority
or
Cr 4180 Anticipated Transfers-Prior Year Authority

Receiving Appropriation
Dr 4160 Anticipated Transfers-Current Year Authority
or
Dr 4180 Anticipated Transfers-Prior Year Authority
Cr 4450 Unapportioned Authority Available

B. Actual Appropriation Transfer

Transferring Appropriation
Dr 4160 Anticipated Transfers-Current Year Authority
Cr 4170 Transfers - Current Year Authority

or

Dr 4180 Anticipated Transfers-Prior Year Authority
Cr 4190 Transfers - Prior Year Authority

Receiving Appropriation
Dr 4170 Transfers - Current Year Authority
Cr 4160 Anticipated Transfers-Current Year Authority
or
Dr 4190 Transfers - Prior Year Authority
Cr 4180 Anticipated Transfers-Prior Year Authority

130204. Apportionments and Reapportionments

A. An apportionment or reapportionment is a distribution made by the OMB of amounts available for obligation in an appropriation or fund account. Except in certain instances, as specified in OMB Circular No. A-34, apportionments and reapportionments by the OMB are required before funds may be obligated. The distribution of apportionments is part of an overall financial plan for the year that is based on a forecast of obligations to be incurred within an appropriation. (The OMB's apportioned amount is in response to a departmental request made on SF 132, "Apportionment and Reapportionment Schedule") Apportionments divide amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or by combinations of these categories.

B. The completed SF 132, showing the OMB's apportioned amounts, normally is the source document used to record apportionments and reapportionments. However, letter apportionments often are used during the period of a continuing resolution for unexpired unobligated balances brought forward, and for special circumstances such as transfers that occur near the end of a fiscal year.

C. The most common departmental-level apportionment transactions are as follows:

1. Appropriated (Direct Program) Authority

Dr 4450 Unapportioned Authority - Available
Cr 4511 Unallocated Apportionment - Direct Program - Current Period

To record the SF 132, Apportionment and Reapportionment Schedule.

2. Reimbursable Program Authority

Dr 4210 Anticipated Reimbursements
Cr 4593 Specifically Apportioned Reimbursable Program
Cr 4594 Automatically Apportioned Reimbursable Program

DEPARTMENT OF THE TREASURY APPROPRIATION WARRANT

Warrant No. _____

Accounting Date _____

The Congress having, by the Acts hereon stated, made the appropriations hereunder specified. The amounts thereof are directed to be established in the general and detailed appropriation accounts, totaling in all $ _____ and for so doing this shall be the warrant.

The Secretary of the Treasury

By _____

_____

(Date Signed)

Comptroller General of the United States

By _____

_____

(Date Countersigned)

APPROPRIATION SYMBOL	AMOUNT

TFS Form 6200
10-83
1 TFRM 2-2000

DEPARTMENT OF THE TREASURY - FISCAL SERVICES
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

Figure 13-1

D. However, complexities must be accommodated. Some of the amounts apportioned may be withheld subsequently by the OSD; some may be allocated for specific subsequent periods; and some may be for the reimbursable program. To accommodate these possibilities, several unallocated apportionment accounts are used. Figures 13-55 through 13-62 define the unallocated apportionment accounts and illustrate the entries for transactions affecting them.

1. The term "direct program" refers to the obligation authority specified in an appropriation act itself. The appropriation does not specify the amount of reimbursable work expected to be accomplished. Authority to accept a customer order for reimbursable work and use obligation authority provided through that acceptance must either be authorized specifically in the apportionment process or be of the type that becomes automatically apportioned and available upon acceptance of customer orders. Figure 13-41 defines the account for anticipated reimbursements and illustrates the entries for transactions affecting it. For a more complete discussion of reimbursements, see Chapter 15 of this volume.

2. The reimbursable program specifically apportioned shall be allocated subject to withholdings by the OSD. The entry to record a withholding of the reimbursable program is as follows:

Dr 4593 Specifically Apportioned Reimbursable Program
Cr 4514 Unallocated Apportionment - Reimbursable Program - Withheld from Allocation

E. Amounts apportioned through the current period of the fiscal year may be assumed to be allocable unless specific identification of withholding is made.

F. If SF 132s on hand are not yet processed with regard to the latest appropriations enacted, amounts necessary to cover valid commitments and obligations must be recorded at the end of the accounting period as apportioned and allocated. If an enacted supplemental appropriation is not included on the year-end SF 132, it nevertheless shall be recorded as fully apportioned.

G. In the absence of an appropriation, the Congress may pass a resolution providing authority for agencies to continue current operations. Continuing resolutions are subject to OMB apportionment in the same manner as appropriations. Within periods of continuing resolution authority, the President's budget estimates of the unobligated balances are brought forward on October 1, and the reimbursable program for each appropriation account shall be recorded as apportioned and allocated to the extent that they remain within any amount specifically designated by the authority. If the estimates for each amount have been reduced from the President's budget, apportionments and allocations shall be recorded at the reduced amount. Increases are to be considered available for subsequent apportionment, and shall not be allocated until an approved SF 132 containing the increase has been received.

H. In the Homeowners Assistance Fund, if amounts actually becoming available are less than anticipated for indefinite budget authority, transfers, reimbursements, or recoveries; the difference will be deducted from amounts apportioned and not from amounts deferred or otherwise unapportioned unless specific provision is made for a different treatment on the approved apportionment form or reapportionment action is taken.

I. Not all appropriations are apportioned. The accounting entry to record non-apportioned appropriations is as follows:

Dr 4119 Other Appropriations Realized
Cr 4620 Other Funds Available for Commitment/Obligation,
or
Cr 4630 Funds Not Available for Commitment/Obligation

To record an appropriation realized - Treasury Warrant (figure 13-1).
NOTE: A separate proprietary accounting entry is required to establish the fund balance with the Treasury.

130205. Indefinite Contract Authority

A. Contract authority is statutory authority to incur obligations prior to an appropriation (or the realization of revenues) for the future payment of such obligations. (See paragraph 130205.B., below.) Indefinite contract authority is that contract authority in which a specific amount of contract authority is not predetermined but, instead, is available as needed to cover the obligations incurred. Although indefinite contract authority is normally accounted for through a no-year appropriation account, contract authority must be apportioned each fiscal year. The major permanent indefinite authorities are as follows:

1. Emergency military procurement under 41 U.S.C. 11 ;

2. Inventory procurement in anticipation of succeeding fiscal year sales under 10 U.S.C. 2210(b); and,

3. Procurement for foreign military sales under 22 U.S.C. 2762.

B. Contract liquidating authority is an appropriation or reappropriation enacted to pay the obligations incurred under contract authority. However, within the Department of Defense, the realization of revenue, rather than an appropriation, normally is used to liquidate unfunded contract authority .

C. The accounting entry used to record the allocation of anticipated contract authority and the subsequent realization upon commitment or obligation action are as follows:

1. Contract Authority Allocation Entries

a. Dr 4032 Anticipated Contract Authority
Cr 4450 Unapportioned Authority - Available

b. Dr 4450 Unapportioned Authority - Available
Cr 4516 Unallocated Unfunded Contract Authority

c. Dr 4516 Unallocated Unfunded Contract Authority
Cr 4541 Allocations Issued - Direct Program - Current Period
Cr 4542 Allocations Issued - Direct Program - Subsequent Periods

2. Realization of Contract Authority (Upon Commitment or Obligation)
Dr 4132 Current Year Contract Authority Realized - Indefinite
Cr 4032 Anticipated Contract Authority

D. Contract authority retains its separate identity at departmental-level through the use of specifically designated accounts. Additionally, the date and number of the establishing public law must be entered into the records.

E. More specific guidance on accounting for each of the permanent indefinite contract authorities may be found as indicated below:

1. Emergency military procurement (41 U.S.C. 11 contract authority) is covered by DoD Directive 7220.8).

2. Working Capital Fund contract authority is covered in Volume 11B of this Regulation.

3. Foreign military sales contract authority is covered in Volume 15 of this Regulation.

F. Figures 13-2 and 13-3 and figures 13-19 through 13-25 define the accounts used for contract authority and illustrate the entries for transactions affecting them.

130206. Transfers of Funds. When specifically authorized by law, all or part of the budget authority in one account may be transferred to another account. These transfers shall be made on an expenditure or nonexpenditure basis, as appropriate.

A. Expenditure Transfers Between Appropriations. Expenditure transfers are made when the transfer benefits the transferring account. Since they are treated as payments and collections, expenditure transfers are not applicable to departmental-level accounting entities. These transactions include the following:

1. Withdrawals and credits between accounts not specifically defined as nonexpenditure transactions;

2. All transfers between U. S. Treasury budgetary and nonbudgetary accounts such as general fund accounts and deposit accounts; and,

3. Adjustments to correct errors in expenditure transactions. (Obligations must be transferred also, when appropriate.)

B. Appropriation Transfers

1. Appropriation transfers are distributions of one agency's budgetary resources to another. Transfers between appropriations must be authorized by law and represent a redistribution of unobligated balances of budget authority between appropriation accounts for the benefit of the gaining appropriation account. For purposes of this paragraph, they will not include transfers for establishment of transfer appropriation accounts for the benefit of the transferring account.

2. These transfers often are anticipated during apportionment development. Approved anticipated transfers are treated as authority available for apportionment, and prior year authority and current year authority are kept separate. Agreement between the transferring and receiving appropriation accounts must be maintained. Accordingly, anticipated and accomplished transfers must be recorded and reported in the transferring and receiving appropriation accounts in the same accounting period. Obligation authority is available only after the transfers is accomplished and the OMB apportions the transferred funds.

3. SF 1151, "Nonexpenditure Transfer Authorization" (figure 13-4) is used to document transfers. See I TFM 2-2035.20 for instructions relative to preparation of the SF 1151. Chapter 3 of this Volume contains additional information about appropriation transfers. An illustration of the accounting process is:

A. Anticipation of Appropriation Transfer

Transferring Appropriation
Dr 4450 Unapportioned Authority Available
Cr 4160 Anticipated Transfers-Current Year Authority
or
Cr 4180 Anticipated Transfers-Prior Year Authority

Receiving Appropriation
Dr 4160 Anticipated Transfers-Current Year Authority
or
Dr 4180 Anticipated Transfers-Prior Year Authority
Cr 4450 Unapportioned Authority Available

B. Actual Appropriation Transfer

Transferring Appropriation
Dr 4160 Anticipated Transfers-Current Year Authority
Cr 4170 Transfers - Current Year Authority
or
Dr 4180 Anticipated Transfers-Prior Year Authority
Cr 4190 Transfers - Prior Year Authority

Receiving Appropriation
Dr 4170 Transfers - Current Year Authority
Cr 4160 Anticipated Transfers-Current Year Authority
or
Dr 4190 Transfers - Prior Year Authority
Cr 4180 Anticipated Transfers-Prior Year Authority

4. Figures 13-34 through 13-39 define transfer accounts and illustrate entries for transactions affecting them.

130207. Reappropriations

A. General. A reappropriation is statutory authority to restore or extend the obligational availability, whether for the same or different purpose, of all or part of the unobligated balance of budget authority that has expired or would otherwise expire in an annual or multiple-year appropriation. Reappropriation transactions require nonexpenditure transfer of the funds involved from the expired or otherwise expiring account to the designated current account. Reappropriations that provide funds to a fiscal year for which they were not previously available constitute new budget authority in the receiving account.

B. Use of the SF 1151. The SF 1151 (figure 13-4), annotated "REAPPROPRIATION" in the top right-hand corner, shall be used to accomplish the reappropriation when a current year law extends the availability of part or all of a:

1. Current year appropriation;

2. Prior year unexpired appropriation; or,

3. Prior year expired or expiring appropriation when the unobligated balance has not been withdrawn previously to the surplus fund of the Treasury. See I TFM 2-2060 for instructions relative to preparation of the SF 1151.

C. Use of FMS Form 6200. The FMS Form 6200 (figure 13-1) shall be used when a current year law extends the availability of part or all of a prior year expired appropriation when an unobligated balance is available at fiscal year-end for reappropriation in a subsequent fiscal year.

Standard Form No. 1151
7 GAO 2000
1151-104

VOUCHER NO. .....

NONEXPENDITURE TRANSFER AUTHORIZATION

To .....

You are hereby authorized to effect the transfer indicated below:

TRANSFER FROM (D.O. SYMBOL) **Dept.** **Bureau** **Address**		**TRANSFER TO (D.O. SYMBOL)** **Dept.** **Bureau** **Address**	
APPROPRIATION OR FUND SYMBOL	AMOUNT	APPROPRIATION OR FUND SYMBOL	AMOUNT

AUTHORITY

The above transfer is proper under the authority cited.

_____ (Date)

_____ (Approving Officer)

_____ (Treasury Form 593)

_____ (Dated)

Figure 13-4

D. Obtaining Appropriation Warrants. An FMS Form 6200 must be requested from the Treasury Department for reappropriations. The letter of request must state the amount to be warranted and the statutory authority for the reappropriation. The address for this request letter is:

Director, Accounting Control Division
Finance Management Branch
Funds Management Division
Financial Management Service
Department of the Treasury
3700 East-West Highway, Room 6FO6
Hyattsville, MD 20782

Telephone (202) 874-9780

E. Timing of Actions

1. Necessary steps to initiate the source documents and record the reappropriation in the gaining and losing accounts normally must be undertaken in the month following the effective date of the legislation providing for the reappropriation.

2. If the available balance in a losing appropriation is not sufficient to cover prompt transfer, the reappropriation may be delayed, effected in part or, for good cause, not made at all. Decisions to delay or not make a reappropriation transfer require written notification to the USD(C), within five working days of the determination. The notification must set forth the circumstances requiring the delay or nonperformance of the reappropriation transfer.

F. Withdrawal of Unobligated Balances. Normally, unobligated balances in the losing accounts will be withdrawn from operating activities. However, formal withdrawal is not necessary when the operating activity has both the gaining and losing accounts, and the intent of the reappropriation is to extend the availability of funds for the same purposes as the losing account. In this case, local entries may be made to ensure that transactions, records, and reports cite the gaining account rather than the losing account.

G. Recording Reappropriations. Reappropriations are recorded as other new budget authority. Figure 13-34 defines the account for other new budget authority and illustrates the entries for the implementing transactions.

130208. Allocations

A. Allocations are distributions of apportionments or funds that do not require apportionment by the departmental-level accounting entity to an operating agency or other intermediate-level accounting entity.

B. Allocations carry the same legal and other limitations as apportionments.

C. Amounts allocated must be debited to the appropriate unallocated apportionment accounts and credited to the allocations issued accounts. Figures 13-63 through 13-67 define the allocations issued accounts and illustrate the entries for the implementing transactions.

D. Since an oral allocation generally has no validity, allocations shall be in writing. The format is determined by the departmental-level accounting entity issuing the allocation. However, see appendix A, subsection A.5.d. of Volume 14 of this Regulation for use of expedited means of communication in emergencies.

130209. Restorations and Withdrawals/Writeoffs

A. Congressionally enacted appropriations for the Department usually are available for a fixed period of one or more fiscal years. Authority to incur new obligations expires at the end of the period of availability. Upon expiration, an appropriation may have up to three distinct balances in its accounts: (1) accrued expenditures - paid, (2) accrued expenditures - unpaid, plus undelivered orders (the sum of (1) and (2) is called obligations) and (3) an unobligated balance.

B. Expired balances retain their fiscal year identity for the following five (5) fiscal years. During this 5-year period, the unobligated balance of an expired fund is available only for adjustments to obligations initially incurred during the fiscal year (or years)for which the appropriation account was available. The unobligated balance of an expired fund may not be used to create new obligations. Normally, at the end of the 5-year period, any remaining unobligated balance and unliquidated obligations shall be transferred to GLA 4350, "Canceled Authority."

C. The following definitions are for the specific terms applicable to restorations and withdrawals/writeoffs.

1. Restoration. A previously withdrawn unobligated amount that is again made available for obligation and outlay.

2. Write-off. The withdrawal from availability for obligation of an unobligated balance from a no-year appropriation pursuant to 31 U.S.C. 1555.

3. Withdrawal. Unobligated amounts that are withdrawn by administrative action (rather than by law) from obligation availability. A withdrawal excludes amounts of expired accounts and amounts rescinded by the Congress.

D. Amounts withdrawn or written off are credited to account 4391, "Restorations, Writeoffs and Withdrawals," and debited to account 4511, "Unallocated Apportionment - Direct Program - Current Period." Restorations are accounted for by contra entries to the write-off or withdrawal (i.e., debit account 4391, "Restorations, Writeoffs and Withdrawals," and credit account 4511, "Unallocated Apportionment - Direct Program - Current

Period."). Figure 13-27 defines account 4391 and illustrates the entries for the implementing transactions.

E. The balance in GLA 4650, "Expired Authority," is not a fund balance (i.e., cash) account available in the Treasury. Transfers into the account (withdrawals) and transfers out (restorations) do not, in and of themselves, affect the cash position of the U.S. Treasury. Expired authority is an available budgetary resource for the specific purpose of ensuring that valid obligations of expired and lapsed appropriation accounts can be met without recourse to individual appropriation action by the Congress.

130210. Indefinite Appropriations

A. Indefinite appropriations are appropriations of a current or permanent nature in which a definite amount is not stated, but is to be determined otherwise on the basis of stipulated subsequent events. One type of indefinite appropriation for which the Department currently is concerned derives from "available" receipts. For example, the receipts under the Federal Account Symbol and Title 215095, "Sale of Hunting and Fishing Permits, Military Reservations," are, by permanent appropriation, available for expenditure under appropriation account 21X5095, "Wildlife Conservation, etc., Military Reservations, Army." In other cases, the amount authorized may be all or a portion of the receipts under a receipt account, but they may not be available until they have been "warranted" by the Treasury Department: or, the amount authorized may be specified as the amount actually obligated for a specified purpose.

B. Amounts of indefinite appropriations derived from "available" receipts anticipated for the fiscal year ordinarily shall be recorded from administratively prepared journal vouchers based upon the best current estimates of receipts for the fiscal year by responsible officials. Amounts of those indefinite appropriations realized must be recorded monthly on the basis of amounts of receipts reported in Statements of Transactions, DD Form 1329 (see Volume 6, Chapter 3, of this Regulation), or equivalent instruments. These amounts are warranted by the Treasury Department on FMS Form 6200 (figure 13-1) at the end of the fiscal year. However, since they will have been recorded on the basis of statements of transactions, the warrants will be used merely to confirm the amounts recorded.

C. Anticipated amounts of indefinite appropriations derived from "available" receipts shall be reported as "anticipated" budgetary resources until the amounts are realized. The budget authority so generated will serve to increase the uncommitted/unobligated balance as reported on the Acct Rpt(M)133, "Report on Budget Execution;" however, such balances should not be recorded in the accounts as currently available for obligation until realization of the receipts. Figure 13-17 defines the account for recording anticipated indefinite appropriations and illustrates the entries for the implementing transactions.

130211. Reprogramming. The practice of reprogramming departmental funds covered in appropriation acts is a necessary, desirable and timely device for achieving flexibility in the execution of Defense programs. Specific guidance on the procedures for reprogramming of DoD appropriated funds is contained in chapters 6 and 7 of this Volume.

1303 ACCOUNT ADJUSTMENTS AND ACCOUNT CLOSING PROCEDURES

130301. Adjustments to Expiring and Nonexpiring Accounts

A. Cancel appropriation transfers anticipated to be made to or from other accounts. Anticipated appropriation transfers shall be canceled as of the end of the fiscal year in which anticipated.

1. The entry to cancel unrealized anticipated appropriation transfers from other appropriations or funds is as follows:

Dr 4450 Unapportioned Authority - Available
Cr 4160 Anticipated Transfers of Current Fiscal Year Authority
Cr 4180 Anticipated Transfers of Prior Fiscal Year Authority

2. The entry to cancel unaccomplished anticipated appropriation transfers to other appropriations or funds is as follows:

Dr 4160 Anticipated Transfers of Current Fiscal Year Authority
Dr 4180 Anticipated Transfers of Prior Fiscal Year Authority
Cr 4450 Unapportioned Authority - Available

B. Eliminate unrealized anticipated indefinite appropriations. The entry to eliminate the amount of anticipated indefinite appropriations that were not realized is as follows:

Dr 4450 Unapportioned Authority - Available
Cr 4120 Appropriations Anticipated (Indefinite)

C. Cancel anticipated reimbursements in no-year, expiring annual, and multiple-year accounts as of the end of the fiscal year. The entry to eliminate the balance of automatically and specifically apportioned reimbursable program authority not allocated to lower levels is as follows:

Dr 4514 Unallocated Apportionment - Reimbursable Program
- Withheld from Allocation
Cr 4210 Anticipated Reimbursements

130302. Budget Execution Report Preparation. After completion of the adjustments identified above, budget execution reports shall be prepared as specified in Volume 6, Chapter 4, of this Regulation.

130303. Notification From Lower Levels. The departmental-level accounting entity shall be informed by the intermediate and installation levels of the following adjustments and account balances.

A. Installation-Level Notification To Be Provided Uncommitted and unobligated balances remaining in expiring accounts for direct authority (GLA 4611, "Uncommitted/Unobligated Allotments - Direct Program - Current Period," GLA 4612, "Uncommitted/Unobligated Allotments - Direct Program - Subsequent Periods," and GLA 4613, "Uncommitted/Unobligated Allotments - Withheld Programs.") (See subparagraph 130304.A., below.)

B. Intermediate-Level Notification To Be Provided. Unallotted allocations of direct program authority to the installation level. (See subparagraphs 130304.A.(1) and (3), below, GLA 4561, "Unallotted Allocations - Direct Program - Current Period," and GLA 4562, "Unallotted Allocations - Direct Program - Subsequent Periods".)

130304. Closing Procedures. After preparation of the prescribed budget execution reports, the following entries shall be made, at the expiration of the period of availability for obligation, to close expended amounts to the authorizing account for the expenditures and to withdraw any remaining program authority.

A. Direct Program Closing Entries

1. Appropriated Authority

(a) The entry to recognize unallotted allocations held at the intermediate level, unobligated allotments held at the installation level, and unobligated allocations to other agencies is as follows:

Dr 4119	Other Appropriations Realized	1/
Dr 4150	Other New Budget Authority	2/
Dr 4530	Allocations From Others	3/
Cr 4511	Unallocated Apportionment - Direct Program - Current Period	
Cr 4520	Allocations To Others	

NOTES:

1/ The intermediate levels and the installation levels shall inform the departmental-level accounting entity of the unallotted allocations and unobligated allotments as described in subparagraph 130303.A. and paragraph 130303.B., above.

2/ This debit balance is eliminated through entries (b) and (c) below.

3/ This debit balance is eliminated through entries (b) and (d) below.

(b) The entry to close amounts allocated to lower levels and other agencies is as follows:

Dr 4520 Allocations To Others
Dr 4541 Allocations Issued - Direct Program - Current Period
Dr 4542 Allocations Issued - Direct Program -Subsequent Periods
Dr 4545 Allocations Issued - Withheld Programs
Cr 4119 Other Appropriations Realized
Cr 4150 Other New Budget Authority
Cr 4530 Allocations From Others

(c) The entry to close unapportioned budget authority realized through reappropriations is as follows:

Dr 4450 Authority Available for Apportionment
Cr 4150 Other New Budget Authority

(d) The entry to record return of unobligated interagency allocations to the agency from which received is as follows:

Dr 4511 Unallocated Apportionment - Direct Program - Current Period
Cr 4530 Allocations From Others

(e) The entry to record return of unobligated interagency allocations from the agency to which allocated is as follows:

Dr 4520 Allocations to Others
Cr 4450 Authority Available for Apportionment

(f) The entry to reduce appropriations realized by the amount of rescinded appropriations is as follows:

Dr 4113 Appropriations Rescinded
Cr 4119 Other Appropriations Realized

(g) The entry to reduce appropriations realized by the amount of budgetary resources withheld pursuant to public law is as follows:

Dr 4410 Budgetary Resources - Not Available Pursuant To Public Law
Cr 4119 Other Appropriations Realized

(h) The entry to record unobligated budget authority available of expired annual or multiple-year appropriations is as follows:

Dr 4430 Appropriations Available for Apportionment
- OMB Deferred Programs
Dr 4450 Authority Available for Apportionment

Dr 4511 Unallocated Apportionment - Direct Program - Current Period
Dr 4512 Unallocated Apportionment - Direct Program - Subsequent Periods
Dr 4513 Unallocated Apportionment - OSD Withheld Programs
Dr 4620 Other Funds Available for Commitment/Obligation
Dr 4630 Other Funds Unavailable for Commitment/Obligation
Cr 4650 Expired Authority

NOTE: The credit entry to GLA 4650, "Expired Authority," should be equal to the debit balance remaining in GLA 4119, "Other Appropriations Realized," upon completion of the closing entries specified above.

2. Transfer Authority

(a) The entry to close transfers accomplished to other appropriations or funds is as follows:

Dr 4170 Appropriation Transfers
Dr 4190 Transfers - Prior Year Budgetary Resources
Cr 4119 Other Appropriations Realized

(b) The entry to close appropriation transfers realized from other appropriations or funds is as follows:

Dr 4119 Other Appropriations Realized
Cr 4170 Appropriation Transfers
Cr 4190 Transfers - Prior Year Budgetary Resources

(c) The entry to recognize unallotted allocations of realized transfers held at the intermediate level and unobligated allotments of realized transfers held at the installation level is as follows:

Dr 4119 Other Appropriations Realized
Cr 4511 Unallocated Apportionment - Direct Program - Current Period

NOTE: The intermediate levels and the installation levels shall inform the departmental-level accounting entity of the unallotted allocations and unobligated allotments as described in paragraph 130303.B., above.

B. Reimbursable Program Closing Entries. No closing entries shall be made for the reimbursable program at the departmental level. An adjusting entry, specified in paragraph 130301.C., above, eliminates any departmental-level reimbursable program account balance.

130305. Adjustments to Expired Authority. GLA 4650, "Expired Authority," represents the unobligated balance in an appropriation at the time of its expiration. Expired

authority, prior to cancellation of an appropriation, authorizes a DoD Component to adjust upward previously under recorded obligations or to record obligations initially that should have been recorded (but were not) against an expired appropriation before its expiration. Authority to adjust obligations upward through use of expired budget authority is recorded in accounts as follows:

Dr 4650 Expired Authority
Cr 4114 Appropriations Realized But Withdrawn

Obligation, expenditure, and closing of expired authority is recorded in the same manner as prescribed for current year direct program appropriation accounts.

130306. Canceled Authority. The National Defense Authorization Act (P.L. 101-510) requires any balance remaining in an account in excess of 5 years to be canceled. GLA 4350, "Canceled Authority," represents the amount of canceled authority (includes both [1] unobligated and [2] obligated but unpaid). Payment of obligations incurred in a canceled appropriation shall be made from a current appropriation available for the same general purpose as the one from which the payables were canceled. The total of payments from a current appropriation for obligations and payables of a canceled appropriation should not exceed 1 percent of the new appropriation. If such payments to be made exceed the 1 percent limitation, additional authority must be sought from the Congress. An illustration of the entries are:

a. The entry to transfer expired authority at the time of cancellation of an appropriation is as follows:

Dr 4650 Expired Authority
Cr 4350 Canceled Authority

b. The entry to allocate budget authority at the departmental level from a current appropriation to pay obligations applicable to a canceled appropriation is as follows:

(1) Entry if the current account has been allocated in its entirety (reprogramming and withdrawal of funds is necessary to make funds available for payment of obligations applicable to canceled accounts):

Dr 4541 Allocations Issued - Direct Program - Current Period
Cr 4511 Unallocated Apportionment - Direct Program - Current Period

(2) Entry if a portion [not to exceed 1 percent] of the current account has been previously withheld for the payment of obligations of canceled appropriations:

Dr 4395 Authority Unavailable Pursuant to Public Law (1%)
Cr 4450 Authority Available for Apportionment

(3) In either case, the reduction of authority that was provided by the canceled appropriation must also be recorded through the following entry:

Dr 4350 Canceled Authority
Cr 4119 Other Appropriations Realized (for canceled appropriation)

NOTE: GLA 4119, "Other Appropriations Realized," should be maintained by both appropriation and by fiscal year.

ACCOUNT 4001 ANTICIPATED TOTAL RESOURCES

Debit Balance. The account used (for year-end closing) to consolidate the total amount of resources expected to be received by the financing fund from all sources.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-1

ACCOUNT 4032 ANTICIPATED CONTRACT AUTHORITY

Debit Balance. The estimated amount of Indefinite Contract Authority during the fiscal year that permits a federal agency to incur obligations in advance of liquidating authority.

Debit	Credit
Amount of contract authority made available by statute for subsequent obligation. Contra: 4450 Unapportioned Authority - Available	1. Amount of commitments and obligations incurred against contract authority. Contra: 4132 Current Year Contract Authority Realized - Indefinite 2. Write-off of lapsing contract authority. Contra: 4392 Rescissions

Figure 13-2

ACCOUNT 4034 ANTICIPATED REDUCTIONS TO CONTRACT AUTHORITY

Debit Balance. The estimated amounts of reductions during the fiscal year to Contract Authority.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-3

ACCOUNT 4042 ANTICIPATED BORROWING AUTHORITY

Debit Balance. The anticipated authority that permits a federal agency to incur obligations and make payments for specific purposes out of monies borrowed from Treasury.

Debit	Credit
Amount of borrowing authority made available by statute for subsequent obligation.	1. Amount of commitments and obligations incurred against borrowing authority.
Contra: 4450 Unapportioned Authority - Available	Contra: 4142 Current Year Borrowing Authority Realized - Indefinite
	2. Write-off of lapsing borrowing authority.
	Contra: 4392 Rescissions

Figure 13-4

ACCOUNT 4044 ANTICIPATED REDUCTIONS TO BORROWING AUTHORITY

Debit Balance. The estimated amounts of reductions during the fiscal year to Borrowing Authority.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-5

ACCOUNT 4047 ANTICIPATED PAYMENTS TO TREASURY

Debit Balance. The anticipated amounts to be paid to the Treasury Department during the fiscal year.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-6

ACCOUNT 4060 ANTICIPATED COLLECTIONS FROM NON-FEDERAL SOURCES

Debit Balance. The amount anticipated to be collected from non-Federal sources in the current fiscal year for loan programs (fees, loan principal, loan interest, rent, and proceeds from the sales of collateral).

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-7

ACCOUNT 4070 ANTICIPATED COLLECTIONS FROM FEDERAL SOURCES

Debit Balance. The amount anticipated to be collected from Federal sources in the current fiscal year for loan programs (actual program loan subsidy-current, actual program loan subsidy-permanent, and interest from Treasury).

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-8

ACCOUNT 4110 APPROPRIATIONS REALIZED

Debit Balance. These accounts represent the amount of appropriations specified in an appropriation act and becoming available on or after October 1 of the fiscal year.

Debit	Credit
This is a summary account	
Do not post to this account	

Figure 13-9

ACCOUNT 4111 DEBT LIQUIDATION APPROPRIATIONS

Debit Balance. Represents the amount appropriated to liquidate debt as specified in applicable appropriation language.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-10

ACCOUNT 4112 DEFICIENCY APPROPRIATIONS

Debit Balance. Represents the amount appropriated to eliminate a prior year deficiency.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-11

ACCOUNT 4115 LOAN SUBSIDY APPROPRIATION - DEFINITE - CURRENT

Debit Balance. The amount of definite current budget authority appropriated by law for loan subsidies in direct loan and guarantee programs.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-12

ACCOUNT 4116 ENTITLEMENT LOAN SUBSIDY APPROPRIATION - INDEFINITE

Debit Balance. The amount of indefinite budget authority appropriated for subsidies in loan entitlement programs.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-13

ACCOUNT 4117 LOAN ADMINISTRATIVE EXPENSE APPROPRIATION - DEFINITE - CURRENT

Debit Balance. The amount of definite current budget authority appropriated by law for administrative expenses in direct loan and loan guarantee programs.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-14

ACCOUNT 4118 RE-ESTIMATED DISCRETIONARY LOAN SUBSIDY APPROPRIATION - INDEFINITE - PERMANENT

Debit Balance. The amount of indefinite permanent budget authority appropriated for direct loan and loan guarantee subsidies based upon re-estimates.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-15

ACCOUNT 4119 OTHER APPROPRIATIONS REALIZED

Debit Balance. Represents the amount of all appropriations not classified as debt liquidation appropriations, deficiency appropriations or appropriations to liquidate contract authority.

Debit	Credit
1. Amount of appropriation enacted.	1. Unobligated balance remaining upon cancellation of the appropriation.
Contra: 4450 Unapportioned Authority Available	Contra: 4350 Canceled Authority
2. Amount of capital appropriated to a revolving fund.	
Contra: 4440 Revolving Funds Available for Apportionment	
3. Amount of anticipated appropriations realized.	
Contra: 4120 Appropriations Anticipated (Indefinite)	
4. Amount of appropriations not subject to apportionment.	
Contra: 4620 Other Funds Available for Commitment/ Obligation 4630 Funds Not Available for Commitment/Obligation	

Figure 13-16

ACCOUNT 4120 APPROPRIATIONS ANTICIPATED (INDEFINITE)

Debit Balance. Represents the current estimate of amounts anticipated to become available under existing law.

Debit	Credit
Amount of an anticipated indefinite appropriation.	Amount of anticipated indefinite appropriation actually realized.
Contra: 4450 Unapportioned Authority Available	Contra: 4119 Other Appropriations Realized

Figure 13-17

ACCOUNT 4121 LOAN SUBSIDY APPROPRIATION - INDEFINITE - CURRENT

Debit Balance. The amount of current indefinite budget authority appropriated to the program fund for loan subsidies in direct loan and loan guarantee programs.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-18

ACCOUNT 4130 CONTRACT AUTHORITY

Debit Balance. Represents amounts of authority under which contracts or other obligations may be executed in advance of the receipt of an appropriation, or in excess of amounts otherwise available in a revolving fund.

Debit	Credit
This is a summary account	
Do not post to this account	

Figure 13-19

ACCOUNT 4131 CURRENT YEAR CONTRACT AUTHORITY REALIZED - DEFINITE

Debit Balance. The amount of statutory authority during the fiscal year that permits federal agencies to incur obligations in advance of appropriations or collections where a specific sum or specific aggregate amount "not to exceed" is stated at the time the authority is granted. (As a rule, Definite Contract Authority is not used within the Department of Defense. Rather, Indefinite Contract Authority [GLA 4132] is used within the Department of Defense.)

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-20

ACCOUNT 4132 CURRENT YEAR CONTRACT AUTHORITY REALIZED - INDEFINITE

Debit Balance. The amount of statutory contract authority used during the fiscal year to incur obligations in advance of appropriations or collections. (As a rule, Indefinite Contract Authority, rather than Definite Contract Authority [GLA 4131], is used within the Department of Defense.)

Debit	Credit
Amount of commitments and obligations incurred against contract authority.	Amount of contract liquidating authority received.
Contra: 4032 Anticipated Contract Authority	Contra: 4610 Series Allotments - Realized Resources

Figure 13-21

ACCOUNT 4133 ACTUAL REDUCTIONS TO CONTRACT AUTHORITY

Credit Balance. The amount of contract authority reduced by legislation that cancels budget authority during the fiscal year.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-22

ACCOUNT 4135 CONTRACT AUTHORITY CONVERTED TO CASH

Credit Balance. The amount of funds received during the fiscal year that liquidate contract authority.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-23

ACCOUNT 4138 RESOURCES REALIZED FROM CONTRACT AUTHORITY

Debit Balance. The amount of funds received during the fiscal year to fund contract authority at the time of disbursement. These will be contra to budgetary resources received to liquidate contract authority.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-24

ACCOUNT 4139 CONTRACT AUTHORITY CARRIED FORWARD

Debit Balance. The amount of contract authority carried forward into the next fiscal year.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-25

ACCOUNT 4140 BORROWING AUTHORITY

Debit Balance. This is a summary account. Accounts subsidiary to this summary account are used to record statutory authority that permits a federal agency to incur obligations and to make payments for specified purposes from the proceeds of borrowed funds.

Debit	Credit
This is a summary account	
Do not post to this account	

Figure 13-26

ACCOUNT 4141 CURRENT YEAR BORROWING AUTHORITY REALIZED - DEFINITE

Debit Balance. The amount of statutory authority during the fiscal year that permits federal agencies to incur obligations and make payments to liquidate the obligations from borrowed monies where a specific sum or specific aggregate amount "not to exceed" is stated at the time the authority is granted. (As a rule, Indefinite Borrowing Authority [GLA 4142] rather than Definite Borrowing Authority is used within the Department of Defense.)

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-27

ACCOUNT 4142 CURRENT YEAR BORROWING AUTHORITY REALIZED - INDEFINITE

Debit Balance. New statutory authority during the fiscal year that permits a federal agency to incur obligations and make payments for specified purposes out of borrowed monies where a specific sum is not stated when the authority is granted but is determinable only at some future date. (As a rule, Indefinite Borrowing Authority, rather than Definite Borrowing Authority [GLA 4142], is used within the Department of Defense.)

Debit	Credit
Amount of commitments and obligations incurred against borrowing authority.	Payments made to liquidate borrowing authority realized.
Contra: 4042 Anticipated Borrowing Authority	Contra: 4610 Series Allotments - Realized Resources

Figure 13-28

ACCOUNT 4143 ACTUAL REDUCTIONS TO BORROWING AUTHORITY

Credit Balance. The amount of borrowing authority reduced by legislation that cancels budget authority during the fiscal year.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-29

ACCOUNT 4145 BORROWING AUTHORITY CONVERTED TO CASH

Credit Balance. The amount of nonexpenditure transfers during the fiscal year that reduce Borrowing Authority.

Debit	Credit
Closing entry at fiscal year end. Contra: 4201 Total Actual Resources	Cash drawn from U.S. Treasury to fund obligations incurred under Borrowing Authority. Contra: 4148 Resources Realized from Borrowing Authority

Figure 13-30

ACCOUNT 4147 ACTUAL PAYMENTS TO TREASURY

Credit Balance. Amounts paid to the Treasury Department during the fiscal year.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-31

ACCOUNT 4148 RESOURCES REALIZED FROM BORROWING AUTHORITY

Debit Balance. The amount of funds drawn during the fiscal year to fund borrowing authority disbursements.

Debit	Credit
Cash drawn from U.S. Treasury to fund obligations incurred under borrowing authority.	Closing entry at fiscal year end.
Contra: 4148 Resources Realized from Borrowing Authority	Contra: 4201 Total Actual Resources

Figure 13-32

ACCOUNT 4139 CONTRACT AUTHORITY CARRIED FORWARD

Debit Balance. The amount of contract authority carried forward into the next fiscal year.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-33

ACCOUNT 4150 REAPPROPRIATIONS

Debit Balance. Represents the amount of new budgetary authority (other than appropriations) derived from a law that extends the availability of unobligated budget authority that has expired or would otherwise expire.

Debit	Credit
Amount of new budget authority (such as a reappropriation) enacted.	
Contra: 4450 Unapportioned Authority Available	

Figure 13-34

ACCOUNT 4160 ANTICIPATED TRANSFERS - CURRENT YEAR AUTHORITY

Debit or Credit Balance. Represents the net amount of anticipated nonexpenditure transfers to (debit balance) or from (credit balance) current year appropriations and funds.

Debit	Credit
1. Amount of anticipated nonexpenditure transfers of current year funds from other appropriations and funds.	1. Amount of anticipated nonexpenditure transfers of current year funds to other appropriations and funds.
Contra: 4450 Unapportioned Authority Available	Contra: 4450 Unapportioned Authority Available
2. Amount of accomplished nonexpenditure transfers of current year funds to other appropriations and funds.	2. Amount of accomplished nonexpenditure transfers of current year funds from other appropriations and funds.
Contra: 4170 Transfers - Current Year Authority	Contra: 4170 Transfers - Current Year Authority

Figure 13-35

ACCOUNT 4170 TRANSFERS - CURRENT YEAR AUTHORITY

Debit or Credit Balance. Represents the net amount of nonexpenditure transfers to (credit balance) or from (debit balance) current year appropriations and funds.

Debit	Credit
1. Amount of accomplished nonexpenditure transfers of current year funds from other appropriations and funds. Contra: 4160 Anticipated Transfers Current Year Authority	Amount of accomplished nonexpenditure transfers of current year funds to other appropriations and funds. Contra: 4160 Anticipated Transfers Current Year Authority
2. Amount of nonexpenditure transfers of current funds from other appropriations and funds that were not preceded by an anticipation of the transfer. Contra: 4450 Unapportioned Authority Available	

Figure 13-36

ACCOUNT 4175 ALLOCATION TRANSFERS

Debit or Credit Balance. The amount of budget authority transferred between a parent appropriation and a transfer appropriation via nonexpenditure transfers during the fiscal year for the accomplishment of work or projects in accordance with budget authority and negotiated agreements to carry out the purposes of the parent appropriation or fund. This includes amounts that are receivable or payable in which the nonexpenditure transfer has not yet been accomplished and amounts that are paid or collected in which the nonexpenditure transfer has been accomplished.

Debit	Credit
Amounts of nonexpenditure allocation transfers from other agencies.	Amounts of nonexpenditure allocation transfers granted to other agencies.
Contra: 4511 Unallocated Apportionment - Direct Program - Current Period	Contra: 4450 Unapportioned Authority - Available

Figure 13-37

ACCOUNT 4180 ANTICIPATED TRANSFERS - PRIOR YEAR AUTHORITY

Debit or Credit Balance. Represents the net amount of anticipated nonexpenditure transfers of prior year unobligated balances to or from appropriations and funds.

Debit	Credit
1. Amount of anticipated non-expenditure transfers of prior year funds from other appropriations and funds.	1. Amount of anticipated nonexpenditure transfers of prior year funds to other appropriations and funds.
Contra: 4450 Unapportioned Authority Available	Contra: 4450 Unapportioned Authority Available
2. Amount of accomplished nonexpenditure transfers of prior year funds to other appropriations and funds.	2. Amount of accomplished nonexpenditure transfers of prior year funds from other appropriations and funds.
Contra: 4190 Transfers - Prior Year Authority	Contra: 4190 Transfers - Prior Year Authority

Figure 13-38

ACCOUNT 4190 TRANSFERS - PRIOR YEAR AUTHORITY

Debit or Credit Balance. Represents the net amount of accomplished nonexpenditure transfers to or from prior year appropriations and funds.

Debit	Credit
1. Amount of accomplished nonexpenditure transfers of prior year funds to other appropriations and funds.	Amount of accomplished nonexpenditure transfers of prior year funds from other appropriations and funds.
Contra: 4180 Anticipated Transfers of Prior Year Authority	Contra: 4180 Anticipated Transfers of Prior Year Authority
2. Amount of nonexpenditure transfers of prior year funds from other appropriations and funds not preceded by an anticipation of the transfer.	
Contra: 4450 Unapportioned Authority Available	

Figure 13-39

ACCOUNT 4201 TOTAL ACTUAL RESOURCES - COLLECTED

Debit Balance. This account is used to consolidate, at fiscal year end, the total amount of actual resources collected.

Debit	Credit
Total of actual resources remaining available at the Departmental level at fiscal year end.	Total of actual resources remaining not available at the Departmental level at fiscal year end.
Contra: 4111 Debt Liquidation Appropriation	Contra: 4392 Rescissions
4112 Deficiency Appropriations	4395 Authority Unavailable Pursuant to Public Law
4115 Loan Subsidy Appropriation - Definite - Current	
4116 Entitlement Loan Subsidy Appropriation - Indefinite	
4117 Loan Administrative Expense Appropriation - Definite - Current	
4118 Re-Estimated Discretionary Loan Subsidy Appropriation - Indefinite - Current	
4119 Other Appropriations Realized	
4121 Loan Subsidy Appropriation Indefinite - Current	

Figure 13-40

ACCOUNT 4210 ANTICIPATED REIMBURSEMENTS AND OTHER INCOME

Debit Balance. Represents the amount of anticipated reimbursements expected to be earned during the current fiscal year which are subject to specific OMB apportionment, and other authorized reimbursements for which obligational authority is automatically established on the basis of customer orders received and accepted.

Debit	Credit
1. Amount of estimated anticipated reimbursements that are subject to specific apportionment.	
Contra: 4593 Specifically Apportioned Reimbursable Program	
2. Amount of estimated anticipated reimbursements that are subject to automatic apportionment.	
Contra: 4594 Automatically Apportioned Reimbursable Program	

Figure 13-41

ACCOUNT 4215 ANTICIPATED TRUST FUND EXPENDITURE TRANSFERS

Debit Balance. The amount of anticipated appropriation expenditure transfers from a trust fund to a general fund during the fiscal year.

Debit	Credit

Do not use this account without prior approval from the

Director for Accounting Policy, OUSD(C).

Figure 13-42

ACCOUNT 4225 APPROPRIATION TRUST FUND EXPENDITURE TRANSFERS - RECEIVABLE

Debit Balance. The amount of uncollected expenditure transfers from a trust fund to a general fund.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 13-43

ACCOUNT 4350 CANCELED AUTHORITY

Credit Balance. Represents the amount of appropriation authority (unobligated and unliquidated obligated appropriation balance) which is canceled five years after the end of a current-year or multi-year appropriation with a set life.

Debit	Credit
Reduction due to liquidation (payment) from a current appropriation of obligations incurred against an appropriation that has since been canceled.	Balance of unobligated and unliquidated obligated balances of an appropriation upon cancellation of the appropriation.
Contra: 4511 Unallocated Apportionment - Direct Program - Current Period	Contra: 4511 Unallocated Apportionment - Direct Program - Current Period

Figure 13-44

ACCOUNT 4390 BALANCE AVAILABLE FOR RESTORATION, WRITE-OFF AND WITHDRAWAL

Debit or Credit Balance. Represents the net difference between amounts previously written off which have been restored to the account during the current fiscal year and amounts actually written off to date as transactions of the current fiscal year.

Debit	Credit

This account is a summary account

Do not post to this account

Figure 13-45

ACCOUNT 4391 RESTORATIONS, WRITEOFFS AND WITHDRAWALS

Debit or Credit Balance. Represents the amount available for obligation during the year that ceased to be available during or at the end of the fiscal year, other than amounts rescinded by law. Includes unobligated balances expiring for obligation, amounts written off or withdrawn by administrative action, unobligated balances returned to unappropriated receipts, amounts withdrawn/lapsed from liquidating appropriations.

Debit	Credit
Amounts restored for net upward obligation adjustments.	Amounts written off pursuant to 31 U.S.C. 1555.
Contra: 4511 Unallocated Apportionment - Direct Program - Current Period	Contra: 4511 Unallocated Apportionment - Direct Program - Current Period

Figure 13-46

ACCOUNT 4392 RESCISSIONS - CURRENT YEAR

Credit Balance. Represents the amount of congressional rescissions of unobligated balances of current year budgetary resources. Statutory citation is to the rescission act.

Debit	Credit
	Amount of withdrawal of unobligated balances due to rescission.
	Contra: 4420 Unapportioned Authority - Pending Rescission

Figure 13-47

ACCOUNT 4393 WITHDRAWALS DUE TO RESCISSIONS - PRIOR YEAR OF UNOBLIGATED BALANCES

Credit Balance. Represents the amount of congressional rescissions of unobligated balances of prior year budgetary resources. Statutory citation is to the rescission act.

Debit	Credit
	Amount of withdrawal of unobligated balances due to rescission.
	Contra: 4420 Unapportioned Authority - Pending Rescission

Figure 13-48

ACCOUNT 4395 AUTHORITY UNAVAILABLE PURSUANT TO PUBLIC LAW

Credit Balance. Represents the amount of appropriations/reappropriations withheld by a specific provision in law. Includes those appropriations for which availability is contingent by law upon the occurrence of a specified event such as: enactment of authorizing legislation, emergencies arising from national disasters, unanticipated increases in costs, or other events specified by law.

Debit	Credit
Amount released when legal requirements are met.	Amount withheld pursuant to public law.
Contra: 4450 Unapportioned Authority Available	Contra: 4450 Unapportioned Authority Available

Figure 13-49

ACCOUNT 4396 AUTHORITY PERMANENTLY UNAVAILABLE PURSUANT TO PUBLIC LAW

Credit Balance. General permanent statutory reductions to budget authority other than rescissions that rescind the authority of more than one account; e.g., Gramm-Rudman-Hollings Act, and cancellation due to reappropriation.

Debit	Credit
Amount released when legal requirements are met.	Amount withheld pursuant to public law.
Contra: 4450 Unapportioned Authority Available	Contra: 4450 Unapportioned Authority Available

Figure 13-50

ACCOUNT 4420 UNAPPORTIONED AUTHORITY - PENDING RESCISSION

Credit Balance. Represents the amount of budget authority withheld pending the enactment of legislation canceling the authority to obligate such funds.

Debit	Credit
1. Amount of budget authority rescinded by legislative action. Contra: 4113 Appropriations Rescinded	Amount of budget authority withheld pending rescission. Contra: 4440 Revolving Funds Available for Apportionment 4450 Unapportioned Authority Available
2. Amount of withdrawals of unobligated balances of prior year budgetary resources due to rescission. Contra: 4392 Withdrawals Due to Rescission of Unobligated Balances	
3. Amount of budget authority made available for obligation through cancellation of rescission proposal or congressional direction. Contra: 4440 Revolving Funds Available for Apportionment 4450 Unapportioned Authority Available	

Figure 13-51

ACCOUNT 4430 UNAPPORTIONED AUTHORITY - OMB DEFERRED PROGRAMS

Credit Balance. Represents the amount of budget authority specifically withheld from apportionment by the Office of Management and Budget.

Debit	Credit
Amount of congressional impoundment resolution disapproving the OMB deferral.	Amounts deferred by the OMB.
Contra: 4450 Unapportioned Authority Available	Contra: 4440 Revolving Funds Available for Apportionment
	Contra: 4450 Unapportioned Authority Available

Figure 13-52

ACCOUNT 4440 REVOLVING FUNDS AVAILABLE FOR APPORTIONMENT

Credit Balance. Represents the total amount of budgetary resources used for public enterprise and intragovernmental revolving funds that are subject to apportionment.

Debit	Credit
1. Amount of budgetary authority apportioned by the OMB.	Amount of capital appropriated for revolving funds.
Contra: 4511 Unallocated Apportionment - Direct Program - Current Period	Contra: 4119 Other Appropriations Realized
2. Amounts deferred, or withheld for future recission.	
Contra: 4430 Unapportioned Authority OMB Deferral	
4420 Unapportioned Authority Pending Recission	

Figure 13-53

ACCOUNT 4450 UNAPPORTIONED AUTHORITY - AVAILABLE

Credit Balance. Represents the amount of appropriated, reappropriated, or transferred funds not yet apportioned by the OMB. Reductions are recorded in this account based on apportionments made and apportionment reserves established.

Debit	Credit
1. Amounts of funds apportioned by OMB.	1. Amount of appropriations, or other new budget authority received.
Contra: 4510 series Appropriation Available for Distribution	Contra: 4119 Other Appropriations Realized 4150 Reappropriations
2. Amounts deferred, or withheld for future recission	2. Amount of anticipated nonexpenditure transfers of current and prior year funds from other appropriations and funds.
Contra: 4430 Unapportioned Authority OMB Deferral 4420 Unapportioned Authority Pending Recission	Contra: 4160 Anticipated Transfers of Current Fiscal Year Authority 4180 Anticipated Transfers of Prior Fiscal Year Authority
3. Amount of transfers of current year funds to other agencies.	3. Amount of an anticipated indefinite appropriation.
Contra: 4520 Allocations to Others	Contra: 4120 Appropriations Anticipated
4. Amount withheld pursuant to public law (Indefinite).	4. Amount of statutory or administrative contract authority received.
Contra: 4395 Authority Unavailable Pursuant To Public Law	Contra: 4131 Current Year Contract Authority Realized

Figure 13-54

ACCOUNT 4450 UNAPPORTIONED AUTHORITY - AVAILABLE

Credit Balance. Continued from previous page.

Debit	Credit
	5. Amount of estimated anticipated reimbursements that are subject to OMB specific apportionment. Contra: 4210 Anticipated Reimbursements
	6. Amount of previously withheld budgetary resources released when legal requirements are met. Contra: 4395 Authority Unavailable Pursuant to Public Law
	7. Amount of congressional impoundment resolution disapproving an OMB deferral. Contra: 4430 Unapportioned Authority OMB Deferred Programs

Figure 13-54 (Continued)

ACCOUNT 4510 APPORTIONMENTS

Credit Balance. Represents the amount of direct program obligational authority and current period reimbursable program specifically apportioned by the OMB and available at the departmental level for distribution to operating agencies or other intermediate levels.

Debit	Credit
This is a summary account	
Do not post to this account	

Figure 13-55

ACCOUNT 4511 UNALLOCATED APPORTIONMENT - DIRECT PROGRAM - CURRENT PERIOD

Credit Balance. Represent the amount of direct program obligational authority currently available at the departmental level for distribution to operating agencies or other intermediate levels.

Debit	Credit
1. The amount of allocations issued to subordinate levels.	1. The amount of direct program obligational authority apportioned for use in the current period.
Contra: 4541 Allocations Issued - Direct Program - Direct Program - Current Period	Contra: 4440 Revolving Funds Available for Apportionment
	4450 Unapportioned Authority Available
2. The amount of anticipated nonexpenditure transfers to other appropriations and funds.	2. The amount of nonexpenditure allocation transfers from other agencies.
Contra: 4160 Anticipated Transfers Of Current Fiscal Year Authority	Contra: 4530 Allocations from Others
4180 Anticipated Transfers of Prior Fiscal Year	
3. Amounts withdrawn upon expiration for obligation, or written off pursuant to 31 U.S.C. 1555.	3. Amounts restored for net upward obligation adjustments.
Contra: 4391 Restorations, Writeoffs and Withdrawals	Contra: 4391 Restorations, Writeoffs and Withdrawals
	4. Amounts of reductions in allocations issued.
	Contra: 4541 Allocations Issued - Direct Program - Current Period

Figure 13-56

ACCOUNT 4511 UNALLOCATED APPORTIONMENT - DIRECT PROGRAM - CURRENT PERIOD

Credit Balance. Continued from previous page.

Debit	Credit
	5. Release of funds previously set aside. Contra: 4513 Unallocated Apportionment - OSD Withheld Programs 6. Amounts of anticipated resources realized. Contra: 4517 Unallocated Apportionment - Reserve for Other Anticipated Resources

Figure 13-56 (Continued)

ACCOUNT 4512 UNALLOCATED APPORTIONMENT - DIRECT PROGRAM - SUBSEQUENT PERIODS

Credit Balance. Represents the amount of direct program obligational authority available for subsequent periods at the departmental level for distribution to operating agencies or other intermediate levels.

Debit	Credit
The amount of allocations issued to subordinate levels.	1. The amount of direct program obligational authority apportioned for use in subsequent levels.
Contra: 4542 Allocations Issued - Direct Program - Subsequent Periods	Contra: 4450 Unapportioned Authority Available
	2. Amounts of reductions in allocations issued.
	Contra: 4542 Allocations Issued - Direct Program - Subsequent Periods
	3. Release of funds previously set aside.
	Contra: 4513 Unallocated Apportionment - OSD Withheld Programs
	4. Amounts of anticipated resources realized.
	Contra: 4517 Unallocated Apportionment - Reserve for Other Anticipated Resources

Figure 13-57

ACCOUNT 4513 UNALLOCATED APPORTIONMENT - OSD WITHHELD PROGRAMS

Credit Balance. Represents the amount of apportioned direct program obligational authority withheld by OSD.

Debit	Credit
1. Release of funds previously set aside.	1. Apportioned amounts set aside by OSD.
Contra: 4511 Unallocated Apportionment - Direct Program - Current Period	Contra: 4450 Unapportioned Authority Available
4512 Unallocated Apportionment - Direct Program- Subsequent Periods	2. Amounts of reductions in allocations issued.
2. Amounts of allocations issued.	Contra: 4545 Allocations Issued - Withheld Programs
Contra: 4545 Allocations Issued - Withheld Programs	

Figure 13-58

ACCOUNT 4514 UNALLOCATED APPORTIONMENT - REIMBURSABLE PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of the current period reimbursable program specifically apportioned, but unallocated.

Debit	Credit
The amount of specifically apportioned reimbursement authority allocated.	1. The amount of specifically apportioned reimbursement authority received for the current period.
Contra: 4543 Allocations Issued - Reimbursable Program - Current Period	Contra: 4450 Unapportioned Authority - Available
	2. Amounts of reductions in allocations issued.
	Contra: 4543 Allocations Issued - Reimbursable Program - Current Period

Figure 13-59

ACCOUNT 4515 UNALLOCATED APPORTIONMENT - REIMBURSABLE PROGRAM - SUBSEQUENT PERIODS

Credit Balance. Represents the amount of subsequent period reimbursable program specifically apportioned, but unallocated.

Debit	Credit
The amount of specifically apportioned reimbursement authority allocated.	1. The amount of specifically apportioned reimbursement authority received for subsequent periods.
Contra: 4544 Allocations Issued - Reimbursable Program - Subsequent Periods	Contra: 4450 Unapportioned Authority - Available
	2. Amounts of reductions in allocations issued.
	Contra: 4544 Allocations Issued - Reimbursable Program - Subsequent Periods

Figure 13-60

ACCOUNT 4516 UNALLOCATED UNFUNDED CONTRACT AUTHORITY

Credit Balance. Represents the amount of unfunded contract authority apportioned.

Debit	Credit
Contract authority allocations.	Receipt of unfunded contract authority.
Contra: 4541 Allocations Issued - Direct Program - Current Period	Contra: 4450 Unapportioned Authority - Available
4542 Allocations Issued - Direct Program - Subsequent Periods	

Figure 13-61

ACCOUNT 4517 UNALLOCATED APPORTIONMENT - RESERVE FOR OTHER ANTICIPATED RESOURCES

Credit Balance. Represents the amount of apportioned anticipated resources available, other than anticipated automatically apportioned reimbursements, that must be withheld from availability for obligation until the anticipated resource actually materializes.

Debit	Credit
Amounts of anticipated resources realized.	Amounts of apportioned anticipated resources withheld.
Contra: 4511 Unallocated Apportionment - Direct Program - Current Period	Contra: 4450 Unapportioned Authority - Available
4512 Unallocated Apportionment - Direct Program - Subsequent Periods	4160 Anticipated Transfers of Current Year Authority
	4180 Anticipated Transfers of Prior Year Authority

Figure 13-62

ACCOUNT 4541 ALLOCATIONS ISSUED - DIRECT PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of current period, direct program, obligational authority allocated from departmental level to intermediate levels.

Debit	Credit
Amounts of reductions in allocations issued.	Amounts of allocations issued.
Contra: 4511 Unallocated Apportionment-Direct Program - Current Period	Contra: 4511 Unallocated Apportionment - Direct Program - Current Period
	4516 Unallocated Unfunded Contract Authority
	4620 Other Funds Available for Commitment/ Obligation

Figure 13-63

ACCOUNT 4542 ALLOCATIONS ISSUED - DIRECT PROGRAM - SUBSEQUENT PERIODS

Credit Balance. Represents the amount of subsequent period, direct program, obligational authority allocated from departmental level to intermediate levels.

Debit	Credit
Amounts of reductions in allocations issued.	Amounts of allocations issued.
Contra: 4512 Unallocated Apportionment-Direct Program - Subsequent Periods	Contra: 4512 Unallocated Apportionment - Direct Program - Subsequent Period 4516 Unallocated Unfunded Contract Authority

Figure 13-64

ACCOUNT 4543 ALLOCATIONS ISSUED - REIMBURSABLE PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of current period, specifically apportioned, reimbursable program authority allocated from departmental level to intermediate levels.

Debit	Credit
Amounts of reductions in allocations issued.	Amounts of allocations issued.
Contra: 4514 Unallocated Apportionment - Reimbursable Program - Current Period	Contra: 4514 Unallocated Apportionment - Reimbursable Program - Current Period

Figure 13-65

ACCOUNT 4544 ALLOCATIONS ISSUED - REIMBURSABLE PROGRAM - SUBSEQUENT PERIODS

Credit Balance. Represents the amount of subsequent period, specifically apportioned, reimbursable program authority allocated from departmental level to intermediate levels.

Debit	Credit
Amounts of reductions in allocations issued.	Amounts of allocations issued.
Contra: 4515 Unallocated Apportionment - Reimbursable Program - Subsequent Periods	Contra: 4515 Unallocated Apportionment - Reimbursable Program - Subsequent Periods

Figure 13-66

ACCOUNT 4545 ALLOCATIONS ISSUED - WITHHELD PROGRAMS

Credit Balance. Represents the amount of withheld programs allocated from departmental level to intermediate levels.

Debit	Credit
Amounts of reductions in allocations issued.	Amounts of allocations issued.
Contra: 4513 Unallocated Apportionment - OSD Withheld Programs	Contra: 4513 Unallocated Apportionment - OSD Withheld Programs

Figure 13-67

ACCOUNT 4620 OTHER FUNDS AVAILABLE FOR COMMITMENT/OBLIGATION

Credit Balance. Represents the amount of appropriated funds, not subject to Apportionment, that are available for commitment/obligation.

Debit	Credit
Amounts of nonapportioned funds allocated.	1. Amounts of appropriations received that are not subject to apportionment.
Contra: 4541 Allocations Issued - Direct Program - Current Period	Contra: 4119 Other Appropriations Realized
	2. Amounts of appropriations received that are not subject to apportionment becoming available for commitment/ obligation after being unavailable.
	Contra: 4630 Other Funds Unavailable for Commitment/Obligation

Figure 13-68

ACCOUNT 4630 OTHER FUNDS UNAVAILABLE FOR COMMITMENT/OBLIGATION

Credit Balance. Represents the amount of appropriated funds, not subject to apportionment, that are not available for commitment/ obligation.

Debit	Credit
Amounts of appropriations received that are not subject to apportionment becoming available for commitment/ obligation after being unavailable.	Amounts of appropriations received that are not subject to apportionment, but are unavailable for commitment or obligation.
Contra: 4620 Other Funds Unavailable for Commitment/ Obligation	Contra: 4119 Other Appropriations Realized

Figure 13-69

ACCOUNT 4650 EXPIRED AUTHORITY

Credit Balance. Represents the unobligated amount of expired appropriations prior to cancellation of the appropriation.

Debit

1. Amounts of an expired appropriation used for net upward obligation adjustments.

Contra: 4511 Unallocated Apportionment Realized

2. Close balance upon cancellation of the appropriation.

Contra: 4350 Canceled Authority

Credit

Unobligated amount of an appropriation at the time of its expiration for further obligation.

Contra: 4119 Other Appropriations Direct Program - Current Period

4450 Authority Available for Apportionment

4511 Unallocated Apportionment - Direct Program - Current Period

4512 Unallocated Apportionment - Direct Program - Subsequent Periods

4513 Unallocated Apportionment - OSD Withheld Programs

4620 Other Funds Available for Commitment/Obligation

4630 Other Funds Unavailable for Commitment or Obligation

Figure 13-70

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CHAPTER 14

RECEIPT AND DISTRIBUTION OF BUDGETARY RESOURCES

INTERMEDIATE-LEVEL

1401 GENERAL

140101. Purpose. The purpose of this chapter is to prescribe the standards for recording receipt and subsequent distribution of budgetary resources in the intermediate-level budgetary accounts, which are applicable to operating agencies or other intermediate-level accounting entities.

140102. Applicability and Scope. Only those DoD Components that are structured organizationally into three (or more) levels are required to use the intermediate-level accounts covered by this chapter.

140103. Overview. The intermediate-level budgetary accounts are used to record the receipt of allocations or suballocations from higher authority, and the subsequent issuance of allotments to installation-level activities.

140104. Revisions. The Department is currently revising its general ledger account structure to ensure consistency with that contained in the U.S. Government Standard General Ledger published by the Treasury Department. Although that process has commenced, it has not yet completed. Therefore, before the accounts contained in this chapter are used in an automated system, the Director of Accounting Policy, Office of the Deputy Chief Financial Officer, should be contacted for the most current revision at (703) 697-6875 or DSN 227-6875.

1402 STANDARDS

140201. Allocations

A. As stated in Chapter 3 of this volume, an allocation or suballocation must be made in writing and contain an original grantor signature or the electronic equivalent. However, Volume 14, Appendix A, of this Regulation permits the use of an automated system to communicate and record such fund subdivisions as long as a confirmation copy is provided to the recipient within a reasonable time, usually one month.

B. Allocations, suballocations, or their parts, that are not required to be further subdivided may be treated and recorded as allotments.

C. Allocations received are debited to accounts in the 4550, "Internal Fund Distributions Received" series, and credited to the appropriate unallotted allocations accounts in the 4560, "Funds Available for Allotment" series. Entries to these accounts are supported by applicable DoD Component allocation and suballocation documents.

140202. Allotments

A. An allotment is a formal distribution of an allocation or suballocation and must contain at least the same legal and other limitations applicable to the allocation or suballocation.

B. Since, generally, an oral allotment has no validity, allotments must be in writing. However, see enclosure 5, subsection I.4. of DoD Directive 7200.1, for use of expedited means of communication in emergencies. No form is prescribed; it may be designed to meet the needs of the allotter.

C. Allotments issued are credited to applicable accounts in the 4570, "Allotments Issued" series, and debited to the appropriate unallotted allocation account. Entries to these accounts are supported by applicable DoD Component allotment documents.

140203. Accounts. Figures 14-1 through 14-13 define the accounts used by intermediate-level accounting entities, and illustrate the entries for the transactions affecting them.

1403 ACCOUNT CLOSING PROCEDURES

140301. Notification to Departmental Level. The departmental-level accounting entity shall be informed of unallotted allocations of direct program authority to the installation level. (See paragraph 140302.A., below, 4561, "Unallotted Allocations - Direct Program - Current Period," and 4562, "Unallotted Allocations - Direct Program - Subsequent Periods.")

140302. Closing Procedures. After preparation of the prescribed budget execution reports, the following entries shall be made, at the expiration of the period of availability for obligation, to close expended amounts to the authorizing account for the expenditures and to withdraw any remaining program authority.

A. Direct Program Closing Entries

1. The entry to close unissued allocations (unallotted and withheld) remaining at the intermediate level is as follows:

Dr	4561	Unallotted Allocations - Direct Program - Current Period
Dr	4562	Unallotted Allocations - Direct Program - Subsequent Periods
Dr	4565	Unallotted Allocations - Withheld Programs
Cr	4550	Internal Fund Distributions Received

NOTE: The departmental-level accounting entity shall be informed of the amount of appropriated authority remaining unissued at fiscal year end in GLA 4561, "Unallotted Allocations - Direct Program - Current Period," and GLA 4562, "Unallotted Allocations - Direct Program - Subsequent Periods."

2. The entry to close allotments made to the installation level is as follows:

Dr 4571 Allotments Issued - Direct Program - Current Period
Dr 4572 Allotments Issued - Direct Program - Subsequent Periods
Dr 4575 Allotments Issued - Withheld Programs
Cr 4550 Internal Fund Distributions Received

B. Reimbursable Program Closing Entries

1. The entry to close allocations remaining unallotted to the installation level is as follows:

Dr 4563 Unallotted Allocations - Reimbursable Program - Current Period
Dr 4564 Unallotted Allocations - Reimbursable Program - Subsequent Periods
Cr 4550 Internal Fund Distributions Received

2. The entry to close allotments made to the installation level is as follows:

Dr 4573 Allotments Issued - Reimbursable Program - Current Period
Dr 4574 Allotments Issued - Reimbursable Program - Subsequent Periods
Cr 4550 Internal Fund Distributions Received

ACCOUNT 4550 INTERNAL FUND DISTRIBUTIONS RECEIVED

Debit Balance. Represents the amount of direct and reimbursable program authority received from departmental level by an intermediate-level activity. It also can represent the amount of suballocations received from another intermediate-level activity.

Debit	Credit
The amount of allocations received.	The amount of allocations withdrawn.
Contra: 4560 series Funds Available for Allotment	Contra: 4560 series Funds Available for Allotment

Figure 14-1

ACCOUNT 4560 FUNDS AVAILABLE FOR ALLOTMENT

Credit Balance. Represents the amount of direct and reimbursable program authority available at an intermediate-level activity for allotment to installation-level activities, or suballocation to other intermediate-level activities.

Debit	Credit

This account is a summary account

Do not post to this account

Figure 14-2

ACCOUNT 4561 UNALLOTTED ALLOCATIONS - DIRECT PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of current period, direct program obligational authority available at an intermediate-level for allotment to installation-level activities, or suballocation to other intermediate-level activities.

Debit	Credit
1. The amount of direct program obligational authority allotted for use during the current period. Contra: 4571 Allotments Issued - Direct Program - Current Period	1. The amount of direct program obligational authority for use during the current period allocated and available for allotment. Contra: 4550 Internal Fund Distributions Received
2. The amount of reductions in allocations of direct program obligational authority for use during the current period. Contra: 4550 Internal Fund Distributions Received	2. The amount of reductions in current period direct program obligational authority allotted. Contra: 4571 Allotments Issued - Direct Program - Current Period
	3. The amount of withheld program released. Contra: 4565 Unallotted Allocations - Withheld Programs

Figure 14-3

ACCOUNT 4562 UNALLOTTED ALLOCATIONS - DIRECT PROGRAM - SUBSEQUENT PERIODS

Credit Balance. Represents the amount of subsequent period direct program obligational authority available at an intermediate-level activity for allotment to installation-level activities, or suballocation to other intermediate-level activities.

Debit	Credit
1. The amount of direct program obligational authority allotted for use during subsequent periods. Contra: 4572 Allotments Issued - Direct Program - Subsequent Periods	1. The amount of direct program obligational authority for use during subsequent periods allocated and available for allotment. Contra: 4550 Internal Fund Distributions Received
2. The amount of reductions in allocations of direct program obligational authority for use during subsequent periods. Contra: 4550 Internal Fund Distributions Received	2. The amount of reductions in subsequent period direct program obligational authority allotted. Contra: 4572 Allotments Issued - Direct Program - Subsequent Periods

Figure 14-4

ACCOUNT 4563 UNALLOTTED ALLOCATIONS - REIMBURSABLE PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of specifically apportioned current period reimbursable program authority available at an intermediate-level activity for allotment to installation-level activities, or suballocation to other intermediate-level activities.

Debit	Credit
1. The amount of reimbursable program authority allotted for use during the current period.	1. The amount of reimbursable program authority for use during the current period allocated and available for allotment.
Contra: 4573 Allotments Issued - Reimbursable Program - Current Period	Contra: 4550 Internal Fund Distributions Received
2. The amount of reductions in allocations of reimbursable program authority for use during the current period.	2. The amount of reductions in reimbursable program authority allotted for use during the current period.
Contra: 4550 Internal Fund Distributions Received	Contra: 4573 Allotments Issued - Reimbursable Program - Current Period

Figure 14-5

ACCOUNT 4564 UNALLOTTED ALLOCATIONS - REIMBURSABLE PROGRAM - SUBSEQUENT PERIODS

Credit Balance. Represents the amount of specifically apportioned subsequent period reimbursable program authority available at an intermediate-level activity for allotment to installation-level activities, or suballocation to other intermediate-level activities.

Debit	Credit
1. The amount of reimbursable program authority allotted for use during subsequent periods.	1. The amount of reimbursable program authority allocated for use during subsequent periods and available for allotment.
Contra: 4574 Allotments Issued - Reimbursable Program - Subsequent Periods	Contra: 4550 Internal Fund Distributions Received
2. The amount of reductions in allocations of reimbursable program authority for use during subsequent periods.	2. The amount of reductions in reimbursable program authority allotted for use during subsequent periods.
Contra: 4550 Internal Fund Distributions Received	Contra: 4574 Allotments Issued - Reimbursable Program - Subsequent Periods

Figure 14-6

ACCOUNT 4565 UNALLOTTED ALLOCATIONS - WITHHELD PROGRAMS

Credit Balance. Represents the amount of withheld program allocations received from departmental level by intermediate-level activities.

Debit	Credit
1. The amount of withheld program released.	1. The amount of withheld programs allocated.
Contra: 4561 Unallotted Allocations - Direct Program - Current Period	Contra: 4550 Internal Fund Distributions Received
2. The amount of withheld programs allotted.	2. The amount of reductions in withheld programs allotted or suballocated.
Contra: 4575 Allotments Issued - Withheld Programs	Contra: 4575 Allotments Issued - Withheld Programs
3. The amount of reductions in withheld programs allocated.	
Contra: 4550 Internal Fund Distributions Received	

Figure 14-7

ACCOUNT 4570 ALLOTMENTS ISSUED

Credit Balance. Represents the amount of direct and reimbursable program authority allotted by intermediate-level activities to installation-level activities.

Debit	Credit

This account is a summary account

Do not post to this account

Figure 14-8

ACCOUNT 4571 ALLOTMENTS ISSUED - DIRECT PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of current period direct program authority allotted by intermediate-level activities to installation-level activities.

Debit	Credit
The amount of reductions in current period direct program authority allotted.	The amount of current period direct program authority allotted.
Contra: 4561 Unallotted Allocations - Direct Program - Current Period	Contra: 4561 Unallotted Allocations - Direct Program - Current Period

Figure 14-9

ACCOUNT 4572 ALLOTMENTS ISSUED - DIRECT PROGRAM - SUBSEQUENT PERIODS

Credit Balance. Represents the amount of subsequent period direct program authority allotted by intermediate-level activities to installation-level activities.

Debit	Credit
The amount of reductions in current period direct program authority allotted.	The amount of subsequent period direct program authority allotted.
Contra: 4562 Unallotted Allocations - Direct Program - Subsequent Periods	Contra: 4562 Unallotted Allocations - Direct Program - Subsequent Periods

Figure 14-10

ACCOUNT 4573 ALLOTMENTS ISSUED - REIMBURSABLE PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of current period reimbursable program authority allotted by intermediate-level activities to installation-level activities.

Debit	Credit
The amount of reductions in current period reimbursable program authority allotted.	The amount of current period reimbursable program authority allotted.
Contra: 4563 Unallotted Allocations - Reimbursable Program - Current Period	Contra: 4563 Unallotted Allocations - Reimbursable Program - Current Period

Figure 14-11

ACCOUNT 4574 ALLOTMENTS ISSUED - REIMBURSABLE PROGRAM - SUBSEQUENT PERIODS

Credit Balance. Represents the amount of subsequent period reimbursable program authority allotted by intermediate-level activities to installation-level activities.

Debit	Credit
The amount of reductions in current period reimbursable program authority allotted.	The amount of subsequent period reimbursable program authority allotted.
Contra: 4564 Unallotted Allocations - Reimbursable Program - Subsequent Periods	Contra: 4564 Unallotted Allocations - Reimbursable Program - Subsequent Periods

Figure 14-12

ACCOUNT 4575 ALLOTMENTS ISSUED - WITHHELD PROGRAMS

Credit Balance. Represents the amount of withheld programs allotted by intermediate-level activities to installation-level activities.

Debit	Credit
The amount of withheld programs withdrawn.	The amount of withheld programs allotted.
Contra: 4565 Unallotted Allocations - Withheld Programs	Contra: 4565 Unallotted Allocations - Withheld Programs

Figure 14-13

CHAPTER 15

RECEIPT AND USE OF BUDGETARY RESOURCES

EXECUTION LEVEL

1501 GENERAL

150101. Purpose. The purpose of this chapter is to prescribe departmental standards for recording transactions in the execution-level budgetary accounts.

150102. Applicability and Scope. All DoD accounting entities that are involved with budget execution transactions; that is, those transactions outlined in paragraph 150103.A., below, shall use the execution-level budgetary accounts prescribed in this chapter. However, not all of the accounts will apply to all accounting entities, and subsidiary accounts may be established, as needed, by an accounting entity.

150103. Overview

A. The execution-level budgetary accounts are used to record the majority of day-to-day budget execution transactions. This chapter discusses the accounting standards in the following order:

1. Receipt of allotments;
2. Commitments;
3. Obligations;
4. Reimbursements; and
5. Use of contract authority.

B. The transactions discussed frequently will require a compound entry; that is, entries must be made in both the budgetary accounts and in the asset, liability, and equity accounts. The entries in the asset, liability, and equity accounts will not be covered in this chapter.

C. Revisions. The Department currently is revising its general ledger account structure to ensure consistency with the U.S. Government Standard General Ledger published by the Treasury Department. Although that process has commenced, it has not yet completed. Therefore, before the accounts contained in this chapter are used in an automated system, the Director of Accounting Policy, Office of the Deputy Chief Financial Officer, should be contacted for the most current revision at (703) 697-6875 or DSN 227-6875.

1502 STANDARDS

150201. Allotments Received

A. Requirements

1. An allotment is a distribution of budget authority to an execution-level accounting entity. It authorizes the incurrence of obligations within a specified amount. Suballotments may be used to further subdivide the budget authority. As accounting for a suballotment is the same as accounting for an allotment, only the term allotment will be used in this chapter.

2. Although an allotment document format is not prescribed, it must disclose specific classifications and limitations that must be tracked in the accounting records. For instance, an appropriation committee may state that a specific amount has been added to an appropriation for a certain purpose. To ensure that the congressional intent is accomplished, the accounting entity receiving an allotted share of such budget authority shall account for it, and for the undelivered orders and accrued expenditures incurred against that share.

B. Accounting Entries

1. GLA 4580, "Allotments Received," (figure 15-41) is used to record allotments of direct program authority received by an execution-level accounting entity.

2. Allotments of Appropriated Authority. If an allotment document provides the basis, the credits shall be segregated among the accounts established for the current period, subsequent periods, and withheld amounts (pending completion of action necessary for release). Figures 15-41 through 15-47 define the accounts used to classify uncommitted/ unobligated allotments, and illustrate the entries for transactions affecting them. The general ledger accounting entry for recording receipt of an allotment of appropriated (direct program) authority follows:

a. Allotment Immediately Available for Obligation

Dr 4580 Allotments Received
  Cr 4611 Uncommitted/Unobligated Obligation Authority - Direct Program-Available

b. Allotment Not Immediately Available for Obligation

Dr 4580 Allotments Received
  Cr 4591 Uncommitted/Unobligated Obligation Authority-Available in Subsequent Periods
  4592 Uncommitted/Unobligated Obligation Authority-Availability Withheld

150202. Commitments

A. Requirements

1. A commitment is an administrative reservation of funds based upon firm procurement requests, orders, directives, and equivalent instruments. Since an obligation equal to or less than the commitment may be incurred without further recourse to an authorizing official, commitments are required for some appropriations (see subparagraph 150202.A.5) and are permissible for others. Commitments, when recorded in the accounting records, reduce the uncommitted/unobligated balance. A commitment document shall be signed by a person authorized to reserve funds; that is, the official responsible for administrative control of funds for the affected subdivision of the appropriation. This helps ensure that the subsequent entry of an undelivered order or accrued expenditure will not exceed available funds.

2. Chapter 8 of this volume contains the detailed requirements for estimating and recording the amounts of commitments.

3. A commitment generally is not recordable from an action document approving a procurement program because execution of the program requires specific actions to reserve all or part of the subdivision of funds made available to the program. The program approval may be recorded as an initiation. (See subparagraph 150202.A.4., below.) Also, a commitment usually is not recordable from an order to commence procurement since such orders generally are not firm reservations permitting the recording of an obligation without recourse to the person authorized to reserve funds. Such orders also may be recorded as initiations.

4. Initiations are entered into memorandum accounts to ensure that precommitment actions, such as approved procurement programs and procurement orders, are maintained within the available subdivision of funds. An initiation results in an administrative reservation of funds based upon procurement orders, requests, or equivalent instruments. It authorizes preliminary negotiation of procurement actions, but requires that the action must be referred to the official responsible for administrative control of funds prior to incurrence of the obligation. Since initiations are not part of the official accounting requirements, allotment issuers or receivers who require initiation accounting shall ensure that the procedures and practices are cost effective. Synonyms for the term "initiation" may be used.

5. Commitment accounting is required by agreement with the OMB for the procurement appropriation accounts; military construction appropriation accounts; and the research, development, test and evaluation appropriation accounts. However, commitments need not be recorded for small purchases if, in the aggregate, they are not significant in the management of funds. Commitment accounting is not required for the operation and maintenance appropriation accounts, revolving fund accounts, or the military personnel appropriation accounts, but may be used if cost effective.

6. Outstanding commitments shall be canceled as of the end of the period that the appropriation is available for obligation. There can be no commitments in expired appropriation accounts.

B. Accounting Entries

1. Commitments are recorded as follows:

Dr 4611 Uncommitted/Unobligated Allotments - Direct Program - Current Period
Dr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period
Cr 4710 Outstanding Commitments - Direct Program
Cr 4720 Outstanding Commitments - Reimbursable Program

2. Outstanding commitments are reduced when an undelivered order or Expended Authority entry is made. The entry is as follows:

Dr 4710 Outstanding Commitments - Direct Program
Dr 4720 Outstanding Commitments - Reimbursable Program
Cr 4811 Undelivered Orders - Unpaid - Direct Program
Cr 4812 Undelivered Orders - Paid - Direct Program
Cr 4821 Undelivered Orders - Unpaid - Reimbursable Program
Cr 4822 Undelivered Orders - Paid - Reimbursable Program
Cr 4910 Expended Authority-Unpaid - Direct Program
Cr 4920 Expended Authority-Unpaid - Reimbursable Program
Cr 4931 Expended Authority-Paid - Direct Program
Cr 4941 Expended Authority-Paid - Reimbursable Program
Dr/Cr 4611 Uncommitted/Unobligated Allotments - Direct Program - Current Period
4614 Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period

(GLAs 4611/4614 are increased [credited] or decreased [debited] if the undelivered order or accrued expenditure differs from the outstanding commitment)

3. Figures 15-51 through 15-53 define the outstanding commitment accounts and illustrate the effect of entries 1 and 2.

150203. Obligations

A. Requirements

1. Obligations incurred are the amounts of orders placed, contracts awarded, services received, and similar transactions during an accounting period that will require

payment during the same or a future period. Such amounts include payments for which obligations have not previously been recorded, and adjustments for differences between obligations previously recorded and actual payments to liquidate those obligations.

2. The execution-level budgetary account structure requires that the amount of obligations incurred be segregated into undelivered orders and Expended Authority - Paid or Expended Authority - Unpaid. The Expended Authority - Paid is the definitive final obligation incurred. It shall be recorded regardless of whether the preceding steps of ordering (undelivered order) and delivery (Expended Authority - Unpaid) were recorded. It is not necessary for the order and delivery transaction to be recorded in the budgetary accounts after the fact.

3. "Expended Authority" is the term used for the credits entered into the budgetary accounts to recognize liabilities incurred and payments made for (a) services performed by employees, contractors, other government accounting entities, vendors, carriers, grantees, lessors, etc.; (b) goods and other tangible property received; and (c) items such as annuities or insurance claims for which no current service is required. In the DoD execution-level budgetary accounts, Expended Authority is categorized either as paid or unpaid. Entries to the Expended Authority accounts require a compound entry to affect the asset, liability, and equity accounts. The asset, liability, and equity account entries are discussed in other parts of this Regulation.

4. Undelivered orders are contracts or orders issued for goods and services for which the liability has not yet accrued. The orders may be for any goods or services that are required to meet a bona fide need of the issuing entity.

5. Reductions or cancellations of prior year obligations in no-year and unexpired multiple-year accounts shall be reported specifically in budget execution reports. (See Volume 6, Chapter 4 of this Regulation.) GLA 4310, "Anticipated Recoveries of Prior Year Obligations," shall not be used without prior approval of the Directorate for Accounting Policy, OUSD(C).

6. Chapter 8 of this volume contains the detailed requirements for determining and recording the amounts of obligations.

B. Accounting Entries. Obligations are recorded as follows:

1. The entry to record an undelivered order (without an advance payment) preceded by a commitment:

Dr 4710 Outstanding Commitments - Direct Program
Cr 4811 Undelivered Orders - Unpaid - Direct Program
Dr/Cr 4611 Uncommitted/Unobligated Allotments - Direct Program - Current Period

Dr 4720 Outstanding Commitments - Reimbursable Program
Cr 4821 Undelivered Orders - Unpaid - Reimbursable Program
Dr/Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period

(GLAs 4611/4614 are increased [credited] or decreased [debited] if the undelivered order differs from the outstanding commitment)

2. The entry to record an undelivered order (without an advance payment) not preceded by a commitment:

Dr 4611 Uncommitted/Unobligated Allotments - Direct Program - Current Period
Cr 4811 Undelivered Orders - Unpaid - Direct Program

Dr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period
Cr 4821 Undelivered Orders - Unpaid - Reimbursable Program

3. The entry to record an undelivered order (with an advance payment, such as a travel advance) not preceded by a commitment:

Dr 4611 Uncommitted/Unobligated Allotments - Direct Program - Current Period
Cr 4812 Undelivered Orders - Paid - Direct Program (amount of advance)
Cr 4811 Undelivered Orders - Unpaid - Direct Program (net obligation)

Dr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period
Cr 4822 Undelivered Orders - Paid - Reimbursable Program (amount of advance)
Cr 4821 Undelivered Orders - Unpaid - Reimbursable Program (net obligation)

NOTE: Entries to GLAs 4812 and 4822 require a compound entry to debit the GLA series 1400, "Advances and Prepayments," and credit GLA 1012, "Funds Disbursed."

4. The entry to recognize an Expended Authority-Unpaid for delivery of goods or performance of services when an undelivered order-without advance has been recorded:

Dr 4811 Undelivered Orders - Unpaid - Direct Program
Cr 4910 Expended Authority-Unpaid - Direct Program
Dr/Cr 4611 Uncommitted/Unobligated Allotments - Direct Program - Current Period

Dr 4821 Undelivered Orders - Unpaid - Reimbursable Program
Cr 4920 Expended Authority-Unpaid - Reimbursable Program
Dr/Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period

(GLAs 4611/4614 are increased [credited] or decreased [debited] if the Expended Authority-Unpaid differs from the undelivered order)

NOTE: Entries to GLAs 4910 and 4920 require a compound entry to credit the GLA series 2000, "Liabilities," and debit the GLA series 1000, "Assets," or GLA series 6000, "Expense," as appropriate.

5. The entry to recognize Expended Authority-Unpaid when an undelivered order or commitment has not been recorded:

Dr 4611 Uncommitted/Unobligated Allotments-Direct Program-Current Period
Cr 4910 Expended Authority Unpaid - Direct Program

Dr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period
Cr 4920 Expended Authority-Unpaid - Reimbursable Program

NOTE: Entries to GLAs 4910 and 4920 require a compound entry to credit the GLA series 2000, "Liabilities," and debit the GLA series 1000, "Assets," or GLA series 6000, "Expense," as appropriate.

6. The entry to recognize Expended Authority-Paid when Expended Authority-Unpaid has been recorded:

Dr 4910 Expended Authority-Unpaid - Direct Program
Cr 4931 Expended Authority-Paid - Direct Program
Dr/Cr 4611 Uncommitted/Unobligated Allotments - Direct Program Available

Dr 4920 Expended Authority-Unpaid - Reimbursable Program
Cr 4941 Expended Authority-Paid - Reimbursable Program
Dr/Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program

(GLAs 4611/4614 are increased [credited] or decreased [debited] if the Expended Authority-Paid differs from the Expended Authority-Unpaid)

7. The entry to recognize Expended Authority-Paid when an Undelivered Order-Paid has been recorded:

Dr 4812 Undelivered Orders - Paid - Direct Program
Cr 4931 Expended Authority-Paid - Direct Program

Dr 4822 Undelivered Orders - Paid - Reimbursable Program
Cr 4941 Expended Authority-Paid - Reimbursable Program

NOTE: Entries to GLAs 4931 and 4941 require a compound entry to debit GLA series 1400, "Advances and Prepayments," and to credit GLA 1012, "Funds Disbursed."

8. The entry to recognize Expended Authority-Paid when Expended Authority-Unpaid, an undelivered order, or commitment has not been recorded:

Dr 4611 Uncommitted/Unobligated Allotments - Direct Program - Available
Cr 4931 Expended Authority-Paid - Direct Program

Dr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program
Cr 4941 Expended Authority-Paid - Reimbursable Program

NOTE: Entries to GLAs 4931 and 4941 require a compound entry to debit GLA series 1000, "Assets," or GLA series 6000, "Expense," and to credit GLA 1012, "Funds Disbursed."

9. The entry to recognize a refund due of a previously made payment:

Dr 4931 Expended Authority-Paid - Direct Program
Cr 4932 Expended Authority - Refunds Due - Direct Program

Dr 4941 Expended Authority-Paid - Reimbursable Program
Cr 4942 Expended Authority - Refunds Due - Reimbursable Program

NOTE: Entries to GLAs 4932 and 4942 require a compound entry to debit GLA, 1315, "Refunds Receivable - Government" or GLA 1316, "Refunds Receivable - Public" and to credit the GLA series 1000, "Assets" or GLA series 6000, "Expense," as appropriate.

10. The entry to recognize the collection of a refund due of a previously made payment:

Dr 4932 Expended Authority - Refunds Due - Direct Program
Cr 4611 Uncommitted/Unobligated Allotments - Direct Program - Current Period

Dr 4942 Expended Authority - Refunds Due - Reimbursable Program
Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period

NOTE: Entries to GLAs 4932 and 4942 require a compound entry to debit GLA, 1011, "Funds Collected" and to credit the GLA 1315, "Refunds Receivable - Government" or GLA 1316, "Refunds Receivable - Public."

11. The entry to recognize disbursements reported by the Treasury Department and departmental (or other) finance network that are not immediately distributable at the execution level (such as, disbursements that fail local edit routines) is as follows:

Dr 4910 Expended Authority-Unpaid - Direct Program
Dr 4920 Expended Authority-Unpaid - Reimbursable Program
Cr 4950 Expended Authority-Paid - Undistributed

NOTE: Entries to GLA 4950 require a compound entry to debit GLA 1015, "Undistributed Disbursements," and credit GLA 1012, "Funds Disbursed."

12. Undistributed disbursements shall be researched to identify the proper fund to which they apply. Erroneously reported disbursements shall be reversed. The accounting entry to record disbursements after their proper identification is known is as follows:

Dr 4950 Expended Authority-Paid - Undistributed
Cr 4931 Expended Authority-Paid - Direct Program
Cr 4941 Expended Authority-Paid - Reimbursable Program

13. The entry to record recovery of a prior year direct program obligation in a no-year or unexpired multiple-year account is as follows:

Dr 4811 Undelivered Orders - Unpaid - Direct Program
Dr 4910 Expended Authority-Unpaid - Direct Program
Cr 4971 Downward Adjustments of Prior Year Expended Authority - Unpaid

Dr 4931 Expended Authority-Paid - Direct Program
Dr 4812 Undelivered Orders - Paid -Direct Program
Cr 4972 Downward Adjustments of Prior Year Expended Authority - Paid

14. The entry to record recovery of a prior year reimbursable program obligation in a no-year or unexpired multiple-year account is as follows:

Dr 4821 Undelivered Orders - Unpaid - Reimbursable Program
Cr 4871 Downward Adjustments of Prior Year Undelivered Orders-Unpaid

Dr 4920 Expended Authority-Unpaid - Reimbursable Program
Cr 4971 Downward Adjustments of Prior Year Expended Authority - Unpaid

Dr 4822 Undelivered Orders - Paid Reimbursable Program
Cr 4872 Downward Adjustments of Prior Year Undelivered Orders-Paid

Dr 4941 Expended Authority-Paid - Reimbursable Program
Cr 4972 Downward Adjustment of Prior Year Expended Authority - Paid

15. Figures 15-46 through 15-74 define the obligation accounts and illustrate the effects of entries (1) through (14).

150204 Reimbursements

A. Requirements

1. General

(a) Reimbursements to appropriations (appropriation reimbursements) are amounts earned and collected for property sold or services furnished either to the public or another federal accounting entity. To be considered an appropriation reimbursement, the collection must be authorized by law for credit to the specific appropriation or fund account. Within the Department, a reimbursement program must be authorized for the account by the USD(C) through the budget preparation process and statutory authorization of the budget through the authorization and appropriation process. Except for refunds, collections that are not authorized as appropriation reimbursements shall be deposited to the general fund of the U. S. Treasury as miscellaneous receipts. (Refunds normally are deposited to the appropriation account from which the original disbursement was made.)

(b) In general, collections in the absence of an authorized reimbursable program for DoD goods and services do not create budgetary resources. Except for refunds, such collections shall be deposited to the general fund of the U. S. Treasury as miscellaneous receipts unless the deposit to an appropriation or fund is authorized by law. Volume 11A, Chapter 3 of this Regulation contains the general statement of policy and requirements when work is performed or materiel is provided to private parties.

2. Anticipated Reimbursements

a. Anticipated reimbursements are, in the case of transactions with the public, estimated collections comprising advances expected to be received and reimbursements expected to be earned. In transactions between U.S. Government accounting entities, anticipated reimbursements consist of orders expected to be received, but for which no orders have been accepted. Anticipated reimbursements may not be used as a source of obligational authority until a customer order is accepted unless such use specifically is authorized in statute. The primary example of the use of anticipated reimbursements to create obligational authority is a revolving fund, in which anticipated reimbursements underlie apportionments of contract authority.

b. An allotted reimbursable program does not constitute authority to incur obligations. Obligations may be incurred only upon acceptance of a customer order. The reimbursable program does not have to be specifically allotted. Apportionment, allocation, and allotment of the reimbursable program may be treated as "automatic" when written OMB approval is obtained by the DoD Component responsible for the appropriation concerned. OMB approval is dependent upon meeting the criteria for automatic apportionment of reimbursements contained in Chapter 2 of this volume.

3. Customer Orders

a. Accepted customer orders establish obligational authority in a performing allotment. Unfilled customer orders are the amounts of orders accepted from other accounting entities within the U.S. Government for goods and services to be furnished on a reimbursable basis; or, in the case of transactions with the public, are amounts collected in advance for which the accounting entity has not yet performed as requested. On an exception basis, there may be orders from the public received and accepted without payment in advance, but only when specifically permitted by statute. Acceptance of a customer order requires that the performing accounting entity agree in writing to perform the work for the requesting (customer) accounting entity. Volume 11A of this Regulation discusses the forms that are used to document these requests and acceptances. GLA 4221, "Unfilled Customer Orders - Unpaid - Automatic Apportionment," GLA 4222, "Unfilled Customer Orders - Unpaid - Specific Apportionment," GLA 4223, "Unfilled Customer Orders - Paid - Automatic Apportionment," and GLA 4224, "Unfilled Customer Orders - Paid - Specific Apportionment," are the execution-level budgetary accounts that are used, as applicable, to record obligational authority for the reimbursable program. Corresponding amounts are recorded in GLA 4614, "Uncommitted/Unobligated Allotments - Reimbursable Program - Current Period." An allotment of reimbursable program

authority, whether specific or automatic, authorizes the reimbursable program. It does not establish obligational authority.

b. In the case of multiple-year appropriation accounts whose periods of availability for obligation overlap, reimbursable customer orders and their related transactions shall be applied only to the most current account available during the period the orders were received. In other words, new customer orders may not be recorded in a multiple-year appropriation account after its first year of availability.

4. Unearned Revenue. Unearned revenue is the amount recognized as received by a performing organization in the form of advance payments for the future delivery of goods, services, or other assets. GLA 4223, "Unfilled Customer Orders - Paid - Automatic Apportionment," and GLA 4224, "Unfilled Customer Orders - Paid - Specific Apportionment," are the execution-level budgetary accounts that are used as applicable to record reimbursable orders accepted with advance payment. Compound entries must be made to recognize advance payments in both the budgetary accounts and asset and liability accounts. The proprietary accounting entries are illustrated in Volume 4, Chapter 13 of this Regulation. (See GLA 2300, "Unearned Revenues (Advances)".)

5. Earned Reimbursements

a. An earned reimbursement is the amount recognized when a performing organization renders actual or constructive performance on a reimbursable order. Generally, it is at the point of recognition of an accrued expenditure--paid or unpaid--that compound entries must be made to record the performance and earnings in both the budgetary accounts and in the asset, liability, and equity accounts. However, reimbursable orders received and accepted with payment in advance require a compound entry to credit GLA 2300, "Unearned Revenues (Advances)," and debit GLA 1011, "Funds Collected." (See subparagraph 150204 A.4., above.)

b. Generally, reimbursements shall recover the cost elements set forth in Volume 11A of this Regulation. However, other billing prices may be established when specifically authorized by a DoD issuance (e.g., directive or instruction). See Volume 11A for additional guidance.

c. Reimbursements shall be accounted for separately by the accounting entity having responsibility for collection. Appropriate billing documents indicating the specific property delivered or services rendered, quantities, dollar amounts, and reference to each customer order shall be maintained.

d. Earned reimbursements shall be recorded and billed promptly in the accounting period earned. However, see the waiver of billing of small amounts in Chapter 1, Volume 11A of this Regulation.

e. Collections from DoD accounting entities generally should be made without the use of checks through processing the billing and collecting entries simultaneously in the disbursing officers' accounts. The requesting accounting entity shall record its obligations in accordance with the standards for recognition of obligations in Volume 3, Chapter 8 of this Regulation.

6. Sales from Inventory. For FMS and non-FMS sales of items from inventory, a determination first must be made whether the item requires replacement, that there is a replacement-in-kind, or that it will not be replaced (free assets). FMS sales of free assets shall be deposited in the U. S. Treasury as miscellaneous receipts, or in the Special Defense Acquisition Fund. Earnings from all other sales from inventory (items requiring replacement, replacement-in-kind and non-FMS free assets) are available for obligation up to account expiration. Collections shall be made before obligations can be incurred for reprocurement. If the item sold is to be replaced with an identical item (replacement-in-kind), the reimbursement from the sale shall be included in reimbursable financing, and the buy-back of the item in the reimbursable program. If the replacement will not be identical to the item sold, the reimbursement from the sale will be included under reimbursable financing, but the buy-back of the replacement shall be shown under the direct budget program and reprogramming action taken prior to replacement.

B. Accounting Entries

1. Allotments of Anticipated Reimbursable Program Authority. At the beginning of each fiscal year an entry shall be made to record an allotment of anticipated reimbursable program authority. For an automatically apportioned reimbursable program (the predominant type within the Department), an estimate of the expected reimbursable program shall be entered. For a specifically apportioned reimbursable program, the exact amount specified in the allotment device shall be entered. An estimate of automatically apportioned reimbursable authority may be revised, upward or downward, by the performing activity at any time during a fiscal year to reflect the current estimate. The specifically apportioned reimbursable program authority may not be revised unless a revised allotment device is requested and received. The general ledger accounting entry for recording an allotment of authority to accept reimbursable orders is as follows:

Dr 4210 Anticipated Reimbursements
Cr 4593 Specifically Apportioned Reimbursable Program
or
Cr 4594 Automatically Apportioned Reimbursable Program

NOTE: An allotment of anticipated reimbursable program authority does not provide obligation authority. An allotment of anticipated reimbursable program authority provides only authority to accept reimbursable orders. The accepted reimbursable order provides the obligation authority.

2. Acceptance of Customer Orders.

a. Specifically Apportioned Reimbursable Program. The entry for acceptance of a customer order under specific apportionment is as follows:

Dr 4593 Specifically Apportioned Reimbursable Program
Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program

Dr 4221 Unfilled Customer Orders - Unpaid
or
Dr 4222 Unfilled Customer Orders - Paid
Cr 4210 Anticipated Reimbursements

b. Automatically Apportioned Reimbursable Program. The entry for acceptance of a customer order when automatic apportionment is approved is as follows:

Dr 4594 Automatically Apportioned Reimbursable Program
Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program

Dr 4221 Unfilled Customer Orders - Unpaid
or
Dr 4222 Unfilled Customer Orders - Paid
Cr 4210 Anticipated Reimbursements

3. The accounting entry for recording an earned reimbursement is as follows (collected and uncollected accounts are used as applicable):

Dr 4251 Reimbursements and Other Income Earned - Receivable
Cr 4221 Unfilled Customer Orders - Unpaid

Dr 4252 Reimbursements and Other Income Earned - Collected
Cr 4222 Unfilled Customer Orders - Paid

4. The accounting entry for acceptance of a progress payment (treated as an earned reimbursement) in advance of order completion is as follows:

Dr 4222 Unfilled Customer Orders - Paid
Cr 4221 Unfilled Customer Orders - Unpaid

5. The accounting entry for recording a collection reported by the Treasury Department and departmental (or other) finance network that is not immediately

distributable at the execution level; for example, a collection that fails a local edit routine, is as follows:

Dr 4253 Reimbursements and Other Income Earned - Collected - Undistributed
Cr 4251 Reimbursements and Other Income Earned - Receivable

6. Undistributed collections shall be researched to identify the proper fund to which they apply. Erroneously reported collections shall be reversed. The accounting entry to record collections after their proper identification is known is as follows:

Dr 4252 Reimbursements and Other Income Earned - Collected
Cr 4253 Reimbursements and Other Income - Collected - Undistributed

7. Figures 15-11 through 15-17, 15-44 and 15-45 define the accounts used for reimbursements and illustrate the entries for the implementing transactions.

C. The standards for recording transactions in the Receivables and revenue accounts are in Volume 4, Chapters 3 and 18 of this Regulation.

150205 Borrowing Authority

A. Requirements

1. Borrowing authority is statutory authority to incur obligations and to make payments for specified purposes out of borrowed money. Within the Department, borrowing authority is used for mortgage assumptions under the Homeowners Assistance Program. (See DoD Directive 5100.54.)

2. Borrowing authority shall be established as needed by the acquisition of property subject to a mortgage, and withdrawn upon payment of the mortgage principal. When the mortgage is assumed by a buyer, the borrowing authority is disestablished.

3. The Homeowners Assistance Fund has both an expenditure account and a borrowing account. The transaction classification codes for reporting to the Treasury Department are:

(22) 97X4090 - Expenditure account transactions

(87) 97X4090 - Borrowing account decreases

(97) 97X4090 - Borrowing account increases

4. The accrued expenditures for the acquisition of homes subject to mortgages payable that are assumed by the U.S. Government shall include the amount of the mortgage balance payable. The accrued revenues for the sale of homes subject to mortgages payable that are assumed by the buyer shall include the amount of the mortgage balance payable. Homes may be sold subject to another loan of all or part of the cash purchase price to the new buyer. In this case, the U.S. Government has a second mortgage on the home. The revenue for the sale includes this mortgage receivable.

5. The assumption of a mortgage payable by the U.S. Government is an increase in the borrowing account. The payments on the mortgage principal are decreases in the borrowing account. The assumption of the mortgage balance payable by a buyer is a decrease in the borrowing account. The borrowing account is equal to borrowing authority.

6. Simultaneous asset, liability, revenue, and expense accounting is required and described in the applicable chapters.

B. Accounting Entries

1. To record the acquisition of a home when a mortgage is assumed:

Dr 4142 Current Year Borrowing Authority Realized - Indefinite (Mortgage Principal)
Dr 4611 Allotments Realized - Direct Program (Cash Payments)
Cr 4931 Expended Authority-Paid - Direct Program

NOTE: The total acquisition cost of the property including the mortgage payable shall be coded (22) in disbursement reports to the Treasury Department in accordance with Volume 6, Chapter 3 of this Regulation. The amount of the mortgage assumed is reported as a reimbursement with prefix (97) - an increase in the borrowing account.

2. The entry when a mortgage payment is made is as follows:

Dr 4143 Borrowing Authority - Withdrawn
Cr 4142 Current Year Borrowing Authority Realized - Indefinite

NOTE: To record payment on the principal. This is coded (87) in disbursement reports to the Treasury Department in accordance with Volume 6, Chapter 3 of this Regulation - a decrease in the borrowing account.

Dr 4611 Uncommitted/Unobligated Allotments - Direct Program-Available
Cr 4931 Expended Authority-Paid - Direct Program

NOTE: To record payment of interest on the mortgage. This is coded (22) in disbursement reports to the Treasury Department in accordance with Volume 6, Chapter 3 of this Regulation.

3. To record the sale of a home with divestment of the mortgage:

Dr 4252 Reimbursements and Other Income Earned - Collected
Cr 4142 Borrowing Authority - Indefinite

NOTE: The total sale price of the property including the mortgage payable shall be coded (22) in disbursement reports to the Treasury Department. The amount of the existing mortgage assumed by the buyer is reported as a disbursement with prefix (87) - a decrease in the borrowing account.

4. Figures 15-1 through 15-9 define the borrowing authority accounts and illustrate the entries for the above transactions.

1503 ACCOUNT ADJUSTMENTS AND ACCOUNT CLOSING PROCEDURES

150301. Adjustments to No-Year, Expiring, and Nonexpiring Multiple-Year Appropriation Accounts. At fiscal year end, installations shall ensure that obligational authority and obligations are accurately stated in view of the most current information available. Actions to accomplish these fiscal year end adjustments include the following:

A. Review and validate unfilled orders under the Economy Act (31 U.S.C. 1535). Cancel those orders funded from expiring accounts, or the portion thereof that will not be obligated by fiscal year end. Notify ordering activities of order reductions that affect their obligations and fund availability.

B. Review and validate unfilled project orders funded by expiring accounts. Cancel those orders that will not be started by January 1 of the ensuing fiscal year. Notify ordering activities of order reductions that affect their obligations and fund availability.

C. Review anticipated reimbursements to eliminate anticipated reimbursements for orders not accepted.

D. Review estimated obligations for possible overstatement or understatement.

E. Review obligations for goods and services ordered. Cancel orders or contracts for goods or services that are no longer needed or that are not likely to be delivered, and deobligate the appropriate amounts.

F. Review obligations for goods received for which payment has not yet been made. Return goods that are no longer needed and recover the amounts obligated.

150302. Adjustments to Expiring Accounts Only

A. Cancel outstanding commitments in expiring accounts. Outstanding commitments shall be canceled as of the end of the period that an appropriation is available for obligation. There can be no commitments in expired accounts. The entries to cancel outstanding commitments are as follows:

Dr 4710 Outstanding Commitments - Direct Program
Cr 4611 Uncommitted/Unobligated Allotments - Direct Program-Available

Dr 4720 Outstanding Commitments - Reimbursable Program
Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable Program

B. Review completed customer orders to restore reimbursable program obligational authority made available that was in excess of performance cost. To the extent that restored funds are not returned, unobligated amounts that have been earned, but remain uncollected, shall be eliminated from the expiring appropriation account and established against the miscellaneous receipt account to which the collection is to be deposited. The unobligated balance associated with such earnings will thus be eliminated.

C. Reduce the balance in the Unfilled Orders accounts (GLA series 4220) to the amount of valid remaining uncompleted customer orders only.

D. Eliminate any balance remaining in Anticipated Reimbursements accounts (GLA series 4210).

150303. Adjustments to Canceled Appropriation Accounts Only. Upon cancellation of an appropriation, and prior to normal closing entries, cancel all obligations (undelivered orders and unpaid Expended Authority) and uncollected reimbursements. The entry to cancel obligations is:

Dr 4800 Series Undelivered Orders
Dr 4900 Series Expended Authority-Unpaid
Cr 4580 Allotments Received

The entry to cancel uncollected reimbursements is:

Dr 4220 Unfilled Customer Orders
Cr 4251 Reimbursements and Other Income Earned - Receivable

150305. Report Preparation. After completion of the adjustments identified above, budget execution reports shall be prepared as specified in Volume 6, Chapter 4 of this Regulation.

150306. Closing Procedures. After preparing the prescribed budget execution reports, the following entries shall be made for expired accounts and no-year accounts to close expended and unobligated amounts to the authorizing account.

A. Direct Program Closing Entries

1. Appropriated Authority

a. The entry to close the Expended Authority - Paid accounts is as follows:

Dr 4931 Expended Authority-Paid - Direct Program
Cr 4580 Allotments Received

b. The entry to close uncommitted and unobligated direct program allotment balances is as follows:

Dr 4611 Uncommitted/Unobligated Allotments - Direct Program - Available
Dr 4591 Uncommitted/Unobligated Obligation Authority-Available in Subsequent Periods
Dr 4592 Uncommitted/Unobligated Obligation Authority-Availability Withheld
Cr 4650 Allotments - Expired Authority

c. The entry to close the accounts for recoveries of prior year direct program obligations and expenditures applicable to expired appropriations is as follows:

Entry to Close Upward Obligation Adjustments

Dr 4811 Undelivered Orders-Unpaid-Direct Program
Dr 4812 Undelivered Orders-Paid-Direct Program
Dr 4910 Expended Authority-Unpaid-Direct Program
Cr 4880 Upward Adjustments of Prior-Year Undelivered Orders

Entry to Close Upward Expenditure Adjustments

Dr 4931 Expended Authority-Paid-Direct Program
Cr 4981 Upward Adjustments of Prior-Year Expended Authority

Entry to Close Downward Obligation Adjustments

Dr 4870 Downward Adjustments of Prior-Year Obligations
Cr 4811 Undelivered Orders-Unpaid-Direct Program
Cr 4812 Undelivered Orders-Paid-Direct Program
Cr 4910 Expended Authority-Unpaid-Direct Program

Entry to Close Downward Expenditure Adjustments

Dr 4971 Downward Adjustments of Prior-Year Expended Authority
Cr 4931 Expended Authority-Paid-Direct Program

2. Borrowing Authority. The entry to reduce expenditures paid in the Homeowners' Assistance Program by the amount of principal payments received is as follows:

Dr 4931 Expended Authority-Paid - Direct Program
Cr Actual Reductions to Borrowing Authority

B. Reimbursable Program Closing Entries

1. Specifically Apportioned Reimbursable Authority

a. The entry to close unrealized anticipated reimbursable program authority is as follows:

Dr 4593 Specifically Apportioned Reimbursable Program
Cr 4210 Anticipated Reimbursements

b. The entry to close reimbursable program expenditures paid is as follows:

Dr 4941 Expended Authority-Paid - Reimbursable Program
Cr 4201 Total Actual Resources

c. The entry to close earned reimbursements which have been collected is as follows:

Dr 4201 Total Actual Resources
Cr 4252 Reimbursements Earned - Collected

d. The entries to close the accounts for recoveries of prior year specifically apportioned reimbursable program obligations and expenditures of the unexpired portion of multiple-year and no-year appropriations are the same as those shown in subparagraph 150306.B.2.d. below.

2. Automatically Apportioned Reimbursable Authority

a. The entry to close unrealized anticipated reimbursable program authority is as follows:

Dr 4594 Automatically Apportioned Reimbursable Program
Cr 4210 Anticipated Reimbursements

b. The entry to close the Expended Authority-Paid account is as follows:

Dr 4941 Expended Authority-Paid - Reimbursable Program
Cr 4201 Total Actual Resources

c. The entry to close earned reimbursements which have been collected is as follows:

Dr 4201 Total Actual Resources
Cr 4252 Reimbursements Earned - Collected

d. The entries to close the accounts for recoveries of prior year reimbursable program obligations and expenditures of the unexpired portion of multiple-year and no-year appropriations are as follows:

Entry to Close Upward Obligation Adjustments

Dr 4821 Undelivered Orders- Unpaid - Reimbursable Program
Dr 4822 Undelivered Orders-Paid - Reimbursable Program
Dr 4910 Expended Authority-Unpaid- Reimbursable Program
Cr 4880 Upward Adjustments of Prior-Year Undelivered Orders

Entry to Close Upward Expenditure Adjustments

Dr 4941 Expended Authority-Unpaid - Reimbursable Program
Cr 4981 Upward Adjustments of Prior-Year Expended Authority

Entry to Close Downward Obligation Adjustments

Dr 4870 Downward Adjustments of Prior-Year Obligations
Cr 4821 Undelivered Orders-Unpaid - Reimbursable Program
Cr 4822 Undelivered Orders-Paid - Reimbursable Program
Cr 4921 Expended Authority-Unpaid - Direct Program

Entry to Close Downward Expenditure Adjustments

Dr 4971 Downward Adjustments of Prior-Year Expended Authority
Cr 4941 Expended Authority - Paid - Reimbursable Program

150307 Expired and Canceled Accounts. Prior to fiscal year 1990, unobligated obligation authority was withdrawn and returned to the U.S. Treasury at the end of an appropriation's availability for obligation. In November 1990, the National Defense Authorization Act (P.L. 101-510) was enacted. It changed the requirements cited above. This law provides for the following:

For 5 years after the time an appropriation expires for incurring new obligations, both the obligated and unobligated balances of that appropriation will be available for recording, adjusting, and liquidating obligations properly chargeable to that account.

For appropriations that are available for obligation for a specific period, i.e., annual and multi-year appropriations, on September 30 of the fifth fiscal year after an appropriation's period of availability for incurring new obligations expires, both the obligated and unobligated balances of that appropriation are required to be canceled and will no longer be available for obligation or expenditure for any purpose.

Following cancellation of an appropriation, if it becomes necessary to record an obligation or an adjustment to an obligation, which otherwise would have been properly chargeable (both as to purpose and amount) to an appropriation before it was canceled, then the obligation should be charged to an appropriation currently available for the same purpose.

When a currently available appropriation is used to pay an obligation, which otherwise would have been properly chargeable (both as to purpose and amount) to a canceled appropriation, the total of all such payments by that current appropriation may not exceed the lesser of:

A. The unexpended balance of the canceled appropriation (the unexpended balance is the sum of the unobligated balance plus the unpaid obligations of an appropriation at the time of cancellation, adjusted for obligations and payments which are incurred or made subsequent to cancellation and which would otherwise have been properly charged to the appropriation except for the cancellation of the appropriation); or

B. The unexpired unobligated balance of the currently available appropriation; or

C. One percent of the total original amount appropriated to the current appropriation being charged.

1. For annual accounts, the 1 percent limitation is of the annual appropriation for the applicable account, not total budgetary resources (e.g., reimbursable program authority).

2. For multi-year accounts, the 1 percent limitation applies to the total (multi-year) amount of the appropriation.

3. For contract changes, charges made to currently available appropriations will have no impact on the 1 percent limitation rule. That is, the 1 percent (of the currently available appropriation) amount will not be decreased by the charges made to current appropriations for contract changes.

150308. Accounting For Expired Authority. Expired authority is composed of (a) unobligated balances and (b) obligated, but unliquidated, balances remaining in

appropriations that no longer are available for incurring new obligations. The balances no longer are available because the time available for incurring such obligations has expired.

A. Elimination of Unobligated Balances. P.L. 101-510 requires separate accounts for each expired fixed appropriation to be maintained by its fiscal year identity for 5 years following the appropriation's period of availability for obligation. During this 5-year period, obligations may be adjusted upward and downward and disbursements may be made from these expired appropriations.

1. Direct Program. Unobligated budget authority of an expired appropriation, at the time of its expiration, shall be closed to GLA 4650, "Expired Authority," as follows:

Dr 4610 Series Allotments - Realized Resources
Dr 4620 Other Funds Available for Commitment & Obligation
Dr 4630 Other Funds Unavailable for Commitment & Obligation
Cr 4650 Expired Authority

2. Reimbursable Program. The closing entries shown in paragraph 150306.B, eliminate reimbursable program authority that has been expended. In addition to the elimination of expended reimbursable program authority, a change is necessary to eliminate unobligated reimbursable program authority existing at the time of expiration of the receiving appropriation. Unobligated reimbursable program authority shall be returned to the financing appropriation. The obligation authority necessary to finance any subsequent upward obligation adjustments shall be requested from that financing appropriation. The entry to eliminate unobligated reimbursable program authority amounts is:

Dr 4614 Uncommitted & Unobligated Allotments- Reimbursable Program
Cr 4593 Specifically Apportioned Reimbursable Program
or
Cr 4594 Automatically Apportioned Reimbursable Program

B. Adjustments To Expired Authority. Expired accounts shall be maintained by fiscal year identity for 5 years following the expiration of the obligational period for the appropriation. During this 5-year period, obligations may be adjusted upward or downward and disbursements made.

1. Upward Adjustments (Obligations) of Expired Authority. GLA 4650, "Expired Authority," is a credit balance account that, prior to appropriation cancellation, is equal to the balance of unobligated expired direct program budget authority. Expired authority, prior to appropriation cancellation, provides the ability to a DoD Component to adjust obligations upward that were previously under recorded or to record obligations that should have been recorded (but were not) against an expired appropriation before its expiration. The following entry illustrates an upward obligation adjustment from expired authority.

Dr 4650 Expired Authority

Cr 4880 Upward Adjustments of Prior-Year Obligations
or
Cr 4980 Upward Adjustments of Prior-Year Expended Authority

2. Downward Adjustments (Deobligations) of Expired Authority. The entry to record downward adjustments (deobligations) of an obligation in an expired appropriation is as follows:

Dr 4870 Downward Adjustments of Prior-Year Obligations
Dr 4971 Downward Adjustments of Prior-Year Expended Authority
Cr 4650 Expired Authority

3. Closing Entries. The entry to close, at fiscal year end, the accounts for upward and downward adjustments to expired appropriation obligations is as follows:

Upward Adjustment Closing Entries

Dr 4811 Undelivered Orders-Unpaid-Direct Program
Dr 4812 Undelivered Orders-Paid-Direct Program
Dr 4910 Expended Authority-Unpaid-Direct Program
Cr 4880 Upward Adjustments of Prior-Year Undelivered Orders

Dr 4931 Expended Authority-Paid-Direct Program
Cr 4981 Upward Adjustments of Prior-Year Expended Authority

Downward Adjustment Closing Entries

Dr 4870 Downward Adjustments of Prior-Year Obligations
Cr 4811 Undelivered Orders-Unpaid-Direct Program
Cr 4812 Undelivered Orders-Paid-Direct Program
Cr 4910 Expended Authority-Unpaid-Direct Program

Dr 4971 Downward Adjustments of Prior-Year Expended Authority
Cr 4931 Expended Authority-Paid-Direct Program

150309. Accounting For Canceled Authority. The FY 1990 National Defense Authorization Act (P.L. 101-510) requires that, on September 30th of the fifth fiscal year after the period of availability for obligation of a fixed appropriation account ends, the account shall be closed and any remaining balance (whether obligated or unobligated) in the account shall be canceled and, thereafter, shall not be available for obligation or expenditure for any purpose. The obligational status of a canceled account continuously must be maintained even though no expenditures or collections may be made to that account. In addition, collections authorized, or required to be credited to an appropriation account, but not received before closing of the account, shall be deposited in the miscellaneous receipt account "Collections of Receivables from Canceled Accounts" (Treasury Symbol 3200).

A. Accounting For Canceled Obligated and Unobligated Balances. Upon cancellation of an appropriation the balance in account 4650 shall be reclassified as canceled authority. The entry to accomplish this action is:

Dr 4650 Expired Authority
Cr 4350 Canceled Authority

NOTE: Expenditures from a current appropriation that are applicable to obligations incurred in a canceled appropriation will reduce the balance in GLA 4350 as discussed in subparagraph 150309.C, "Accounting for Expenditures Applicable to Canceled appropriations," below.

B. Accounting For Collections Applicable to Closed Accounts. In accordance with P.L. 101-510, any collections received after cancellation of an account shall be deposited to the miscellaneous receipt account, "Collections of Receivables from Canceled Accounts" (Treasury Symbol 3200).

C. Accounting For Expenditures Applicable To Canceled Appropriations. The status of direct program obligated and unobligated balances and reimbursable program obligated balances, even in an account which has been closed, must be continuously maintained. If payments (cash collections) are not received for obligations incurred in the reimbursable program, those obligations must be covered by direct program unobligated authority existing in the closed account.

The presence of a sufficient existing direct program unobligated balance in a closed account is determined by deducting from the unobligated balance at the time of cancellation all amounts charged to current appropriations that otherwise would have been chargeable to the closed account, both as to purpose and in amount, except that the account was canceled.

The total of payments from a current appropriation for obligations and payables of a canceled appropriation cannot exceed the lesser of (1) the unexpended balance of the canceled appropriation, (2) the unexpired unobligated balance of the currently available appropriation, or (3) 1 percent of the current appropriation being charged. Payables applicable to canceled appropriations must be paid from funds of subsequent appropriations that are available for the same general purpose as the one from which the payables were canceled. In accordance with Part XI of OMB Circular A-34, "Instructions on Budget Execution," the liabilities may not be recorded on the books of a subsequent appropriation until (1) valid bills are received for payment and (2) it is certain the payment will be made from that subsequent appropriation. If such payments to be made exceed the 1 percent limitation, additional authority must be sought from the Congress. It is important to note that the liability of a current account to pay an obligation of a canceled account is recorded only in the proprietary accounts of the current account pursuant to the above criteria. The obligation of a current account to pay, however, including upward obligation adjustments, must be recorded in the budgetary accounts at the time it is first known against the obligational authority of the canceled account that would have been available except for its cancellation.

ACCOUNT 4042 ANTICIPATED BORROWING AUTHORITY

Debit Balance. The anticipated authority that permits a federal agency to incur obligations and make payments for specific purposes out of monies borrowed from Treasury.

Debit	Credit
Amount of borrowing authority made available by statute for subsequent obligation. Contra: 4610 Allotments - Realized Resources	1. Amount of commitments and obligations incurred against borrowing authority. Contra: 4142 Current Year Borrowing Authority Realized - Indefinite 2. Write-off of lapsing borrowing authority. Contra: 4392 Rescissions

Figure 15-1

ACCOUNT 4140 BORROWING AUTHORITY

Debit Balance. This is a summary account. Accounts subsidiary to this summary account are used to record statutory authority that permits a federal agency to incur obligations and to make payments for specified purposes from the proceeds of borrowed funds.

Debit	Credit

This account is a summary account.

Do not post to this account.

Figure 15-2

ACCOUNT 4141 BORROWING AUTHORITY - DEFINITE

Debit Balance. The amount of statutory authority during the fiscal year that permits federal agencies to incur obligations and make payments to liquidate the obligations out of borrowed monies where a specific sum or specific aggregate amount "not to exceed" is stated at the time the authority is granted. (As a rule, Indefinite Borrowing Authority [GLA 4142] rather than Definite Borrowing Authority is used within the Department of Defense.

Debit	Credit

Do not use this account without prior approval from

the Director for Accounting Policy, OUSD(C).

Figure 15-3

ACCOUNT 4142 CURRENT YEAR BORROWING AUTHORITY REALIZED - INDEFINITE

Debit Balance. New statutory authority during the fiscal year that permits a federal agency to incur obligations and make payments for specified purposes out of borrowed monies where a specific sum is not stated when the authority is granted but is determinable only at some future date. Under the Homeowners Assistance Program, represents the amount of budget authority established by assumption of mortgages under the Homeowners Assistance Program. The account is increased when a mortgage is assumed and decreased by payments on mortgage principal, and upon sale of the mortgaged property. (As a rule, Indefinite Borrowing Authority, rather than Definite Borrowing Authority [GLA 4142], is used within the Department.)

Debit	Credit
Amount of commitments and obligations incurred against Borrowing Authority.	Payments made to liquidate borrowing authority realized.
Contra: 4042 Anticipated Borrowing Authority	Contra: 4610 Series Allotments - Realized

Figure 15-4

ACCOUNT 4143 ACTUAL REDUCTIONS TO BORROWING AUTHORITY

Credit Balance. The amount of borrowing authority reduced by legislation that cancels budget authority during the fiscal year.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-5

ACCOUNT 4145 BORROWING AUTHORITY CONVERTED TO CASH

Credit Balance. The amount of nonexpenditure transfers during the fiscal year that reduce borrowing authority.

Debit	Credit
Closing entry at fiscal year end. Contra: 4201 Total Actual Resources	Cash drawn from U.S. Treasury to fund obligations incurred under Borrowing Authority. Contra: 4148 Resources Realized from Borrowing Authority

Figure 15-6

ACCOUNT 4147 ACTUAL PAYMENTS TO TREASURY

Credit Balance. Amounts paid to the Treasury Department during the fiscal year.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-7

ACCOUNT 4148 RESOURCES REALIZED FROM BORROWING AUTHORITY

Debit Balance. The amount of funds drawn during the fiscal year to fund borrowing authority disbursements.

Debit	Credit
Cash drawn from U.S. Treasury to fund obligations incurred under borrowing authority.	Closing entry at fiscal year end.
Contra: 4145 Borrowing Authority Converted to Cash Authority	Contra: 4201 Total Actual Resources

Figure 15-8

ACCOUNT 4149 BORROWING AUTHORITY CARRIED FORWARD

Credit Balance. The amount of borrowing authority carried forward into the next fiscal year.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-9

ACCOUNT 4201 TOTAL ACTUAL RESOURCES

Debit Balance. Represents the net amount of resources available after consolidation (i.e., closing) of all collections and disbursements during a fiscal year.

Debit	Credit
The amount of resources collected during a fiscal year.	The amount of resources expended during a fiscal year.
Contra: 4252 Reimbursements and Other Income Earned - Collected	Contra: 4902 Expended Authority Paid

Figure 15-10

ACCOUNT 4210 ANTICIPATED REIMBURSEMENTS AND OTHER INCOME

Debit Balance. Represents the amount of anticipated reimbursements expected to be earned during the current fiscal year which are subject to specific OMB apportionment, and other authorized reimbursements for which obligational authority is automatically established on the basis of customer orders received and accepted.

Debit	Credit
1. Amount of estimated anticipated reimbursements that are subject to specific apportionment.	
Contra: 4593 Specifically Apportioned Reimbursable Program	
2. Amount of estimated anticipated reimbursements that are subject to automatic apportionment.	
Contra: 4594 Automatically Apportioned Reimbursable Program	

Figure 15-11

ACCOUNT 4221 UNFILLED CUSTOMER ORDERS - UNPAID

Debit Balance. Represents the balance of reimbursable orders accepted without advance payment or progress payment. Account is increased when a customer order is accepted and decreased as reimbursements are earned. Attributes are required to indicate the source of the reimbursement. These are:

Non-Federal Sources
FMS Trust Fund
All Other Trust Funds
Off-Budget Federal Entities
Other Defense Accounts
Other Non-Defense Accounts
Intrafund

Debit	Credit
Amounts of customer orders received and accepted not accompanied with an advance payment.	Amounts of goods delivered or services performed against a reimbursable order for which advance or progress payments were not received.
Contra: 4210 Anticipated Reimbursements	
4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period	Contra: 4251 Reimbursements Earned-Uncollected
	2. The amount of reductions in customer orders.
	Contra: 4210 Anticipated Reimbursements

Figure 15-12

ACCOUNT 4222 UNFILLED CUSTOMER ORDERS - PAID

Debit Balance. Represents the balance of reimbursable orders accepted with advance payment for which there is an automatic increase in obligational authority under an allotment. Account is increased when a customer order accompanied by an advance payment is accepted or progress payment made and decreased as reimbursements are earned. Attributes are required to indicate the source of the reimbursement. These are:

Non-Federal Sources
FMS Trust Fund
All Other Trust Funds
Off-Budget Federal Entities
Other Defense Accounts
Other Non-Defense Accounts
Intrafund

Debit	Credit
Amounts of customer orders received and accepted that are accompanied with an advance payment.	1. Amounts of goods delivered or services performed against a reimbursable order for which advance was received.
Contra: 4210 Anticipated Reimbursements	Contra: 4252 Reimbursements Earned-Collected-Current Period
	2. The amount of reductions in customer orders.
	Contra: 4210 Anticipated Reimbursements

Figure 15-13

ACCOUNT 4250 REIMBURSEMENTS AND OTHER INCOME EARNED

Debit Balance. Represents the amount of reimbursements and other income earned to date through the delivery of goods and performance of services, whether or not bills have been rendered or collections made. Includes reimbursements earned under both automatic and specific apportionment.

Debit	Credit

This account is a summary account.

Do not post to this account.

Figure 15-14

ACCOUNT 4251 REIMBURSEMENTS AND OTHER INCOME EARNED - RECEIVABLE

Debit Balance. Represents the amount of uncollected reimbursements earned during a fiscal year. Attributes are required to indicate the source of the reimbursement. They are:

Non-Federal Sources
FMS Trust Fund
All Other Trust Funds
Off-Budget Federal Entities
Other Defense Accounts
Other Non-Defense Accounts
Intrafund

Debit	Credit
1. Amount of goods delivered or services performed against a reimbursable order. Contra: 4221 Unfilled Customer Orders - Unpaid 4223 Unfilled Customer Orders - Paid	1. Amount of collections made against outstanding bills for reimbursable goods and services provided. Contra: 4252 Reimbursements Earned-Collected
2. Reversal of erroneous reported collections. Contra: 4253 Reimbursements Earned-Receivable- Undistributed	2. Amounts of collections reported by the finance network that are not distributable to any outstanding bills for reimbursable goods and services provided. Contra: 4253 Reimbursements Earned-Receivable- Undistributed
3. Amounts of goods delivered or services performed against a reimbursable order for which progress payments were not received. Contra: 4221 Unfilled Customer Orders Unpaid	3. Amounts of progress payments received prior to completion of the customer order. Contra: 4252 Reimbursements Earned-Collected

Figure 15-15

ACCOUNT 4252 REIMBURSEMENTS AND OTHER INCOME EARNED - COLLECTED

Debit Balance. Represents the amount of collected reimbursements earned during the fiscal year. Attributes are required to indicate the source of the reimbursement. They are:

Non-Federal Sources
FMS Trust Fund
All Other Trust Funds
Off-Budget Federal Entities
Other Defense Accounts
Other Non-Defense Accounts
Intrafund

Debit	Credit
1. Amount of collections made against outstanding bills for reimbursable goods and services.	
Contra: 4251 Reimbursements Earned-Receivable 4221 Unfilled Customer Orders Unpaid 4222 Unfilled Customer Orders Paid	
2. Amounts of progress payments received prior to completion of a customer order.	
Contra: 4251 Reimbursements Earned - Receivable	
3. Identification of Undistributed Collections.	
Contra: 4253 Reimbursements Earned-Collected - Undistributed	

Figure 15-16

ACCOUNT 4253 REIMBURSEMENTS AND OTHER INCOME EARNED - COLLECTED - UNDISTRIBUTED

Debit Balance. Represents the amount of collections reported by the Treasury Department, departmental, or other finance network that are not immediately distributable at the execution level.

Debit	Credit
The amount reported as collections by the finance network. Contra: 4251 Reimbursements Earned-Receivable	1. Reversal of erroneous reported collections. Contra: 4251 Reimbursements Earned-Receivable 2. Identification of collections to proper account. Contra: 4252 Reimbursements Earned-Collected

Figure 15-17

ACCOUNT 4310 ANTICIPATED RECOVERIES OF PRIOR YEAR OBLIGATIONS

Debit Balance. Represents the estimated amount of cancellations or downward adjustments of prior year obligations anticipated for recovery in the current fiscal year.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-18

ACCOUNT 4261 ACTUAL COLLECTION OF FEES

Debit Balance. The amount of fees collected during the fiscal year from non-federal sources.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-19

ACCOUNT 4262 ACTUAL COLLECTION OF LOAN PRINCIPAL

Debit Balance. The amount of loan principal collected during the fiscal year from non-federal sources.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-20

ACCOUNT 4263 ACTUAL COLLECTION OF LOAN INTEREST

Debit Balance. The amount of loan interest collected during the fiscal year from non-federal sources for loan programs.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-21

ACCOUNT 4264 ACTUAL COLLECTION OF LOAN RENT

Debit Balance. The amount of rent collected during the fiscal year from non-federal sources for loan programs

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-22

ACCOUNT 4265 ACTUAL COLLECTIONS FROM SALE OF FORECLOSED PROPERTY

Debit Balance. The amount collected during the fiscal year from sale of foreclosed property.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-23

ACCOUNT 4266 OTHER ACTUAL COLLECTIONS - NON-FEDERAL

Debit Balance. The amount collected during the fiscal year from non-federal sources for which a specific general ledger account has not been established..

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-24

ACCOUNT 4271 ACTUAL PROGRAM FUND SUBSIDY COLLECTED - DEFINITE - CURRENT

Debit Balance. The amount of current definite subsidy collected during the fiscal year by the financing fund from the program fund for loan programs.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-25

ACCOUNT 4272 ACTUAL PROGRAM FUND SUBSIDY COLLECTED - INDEFINITE - PERMANENT

Debit Balance. The amount of permanent indefinite subsidy collected during the fiscal year by the financing fund from the program fund for loan programs.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-26

ACCOUNT 4273 INTEREST COLLECTED FROM TREASURY

Debit Balance. The amount of interest collected during the fiscal year by the financing fund from Treasury for loan programs.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-27

ACCOUNT 4274 ACTUAL PROGRAM FUND SUBSIDY COLLECTED - INDEFINITE - CURRENT

Debit Balance. The amount of current indefinite subsidy collected during the fiscal year by the financing fund from the program fund for direct loan and loan guarantee programs.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-28

ACCOUNT 4275 ACTUAL COLLECTIONS FROM LIQUIDATING FUND

Debit Balance. The amount the financing fund collects during the fiscal year from the liquidating fund for assuming pre-credit reform loan programs for which the terms have been modified.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-29

ACCOUNT 4276 ACTUAL COLLECTIONS FROM THE FINANCING FUND

Debit Balance. The amount the liquidating fund collects during the fiscal year from the liquidating fund for transfers of modified direct loans to the financing fund.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-30

ACCOUNT 4277 OTHER ACTUAL COLLECTIONS - FEDERAL

Debit Balance. The amount collected during the fiscal year from federal sources for which a specific general ledger account has not been established.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-31

ACCOUNT 4281 ACTUAL PROGRAM FUND SUBSIDY RECEIVABLE - DEFINITE - CURRENT

Debit Balance. The amount of current definite subsidy due, but not collected by the financing fund from the program fund for loan programs.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-32

ACCOUNT 4282 ACTUAL PROGRAM FUND SUBSIDY RECEIVABLE - INDEFINITE - PERMANENT

Debit Balance. The amount of current definite subsidy due, but not collected by the financing fund from the program fund for loan programs.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-33

ACCOUNT 4283 INTEREST RECEIVABLE FROM TREASURY

Debit Balance. The amount of interest due, but not collected by the financing fund from Treasury for loan programs.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-34

ACCOUNT 4284 ACTUAL PROGRAM FUND SUBSIDY RECEIVABLE - INDEFINITE - CURRENT

Debit Balance. The amount of current indefinite subsidy due, but not collected by the financing fund from the program fund for direct loan and loan guarantee programs.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-35

ACCOUNT 4285 RECEIVABLE FROM THE LIQUIDATING FUND

Debit Balance. The amount due the financing fund, but not collected from the liquidating fund for assuming pre-credit reform loan programs for which the terms have been modified.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-36

ACCOUNT 4286 RECEIVABLE FROM THE FINANCING FUND

Debit Balance. The amount due the liquidating fund, but not collected from the financing fund for transfers of modified direct loans to the financing fund.

Debit	Credit
Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).	

Figure 15-37

ACCOUNT 4287 OTHER FEDERAL RECEIVABLES

Debit Balance. The amount of uncollected amounts due from federal sources for which a specific general ledger account has not been established.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-38

ACCOUNT 4310 ANTICIPATED RECOVERIES OF PRIOR YEAR OBLIGATIONS

Debit Balance. Estimated cancellations or downward adjustments of prior year obligations anticipated for recovery in the current fiscal year.

Debit	Credit

Do not use this account without prior approval from the Director for Accounting Policy, OUSD(C).

Figure 15-39

ACCOUNT 4350 CANCELED AUTHORITY

Credit Balance. Represents the amount of appropriation authority (unobligated and unliquidated obligated appropriation balance) that is canceled five years after the end of a current-year or multi-year appropriation with a set life.

Debit	Credit
Reduction due to liquidation (payment) from a current appropriation of obligations incurred against an appropriation that has since been canceled.	Balance of unobligated and unliquidated obligated balances of an appropriation upon cancellation of the appropriation.
Contra: 4902 Expended Authority - Paid	Contra: 4650 Expired Authority

Figure 15-40

ACCOUNT 4580 ALLOTMENTS RECEIVED

Debit Balance. Represents the amount of direct program allotments received for the fiscal year.

Debit	Credit
The amount of allotments received.	The amount of allotment decreases.
Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period
4591 Uncommitted/ Unobligated Authority - Subsequent Periods	4591 Uncommitted/ Unobligated Authority - Subsequent Periods
4592 Uncommitted/ Unobligated Authority - Withheld Programs	4592 Uncommitted/ Unobligated Authority - Withheld Programs

Figure 15-41

ACCOUNT 4591 UNCOMMITTED/UNOBLIGATED OBLIGATION AUTHORITY - AVAILABLE IN SUBSEQUENT PERIODS

Credit Balance. Represents the amount of direct program obligational authority allotted for use in subsequent periods.

Debit	Credit
1. The amount of subsequent period, direct program obligational authority withdrawn. Contra: 4580 Allotments Received	1. The amount of direct program obligational authority allotted for use in subsequent periods. Contra: 4580 Allotments Received
2. Amount of subsequent period, direct program obligational authority becoming current. Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	2. The amount of direct program obligational authority for subsequent periods released from withheld status. Contra: 4613 Uncommitted/ Unobligated Allotments - Withheld Programs

Figure 15-42

ACCOUNT 4592 UNCOMMITTED/UNOBLIGATED OBLIGATION AUTHORITY - AVAILABILITY WITHHELD

Credit Balance. Represents the amount of withheld program allotted to an execution-level activity.

Debit	Credit
1. The amount of withheld program released.	The amount of withheld programs allotted.
Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	Contra: 4580 Allotments Received
4591 Uncommitted/ Unobligated Authority - Subsequent Periods	
2. The amount of withheld programs withdrawn.	
Contra: 4580 Allotments Received	

Figure 15-43

ACCOUNT 4593 SPECIFICALLY APPORTIONED REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of obligational authority required to cover the performance of reimbursable orders subject to specific apportionment.

Debit	Credit
1. The amount of reimbursable program authority withdrawn or. customer orders reduced or canceled. Contra: 4210 Anticipated Reimbursements	The amount of specifically apportioned reimbursable program authority allotted. Contra: 4210 Anticipated Reimbursements
2. The amount of reimbursable customer orders accepted. Contra: 4614 Uncommitted/Unobligated Allotments - Reimbursable Program	
3. At fiscal year end, entry to close any remaining balance. Contra: 4210 Anticipated Reimbursements	

Figure 15-44

ACCOUNT 4594 AUTOMATICALLY APPORTIONED REIMBURSABLE PROGRAM

Credit Balance. Represents the balance of automatically apportioned reimbursable program authority.

Debit	Credit
1. The amount of reimbursable program authority withdrawn or. customer orders reduced or canceled. Contra: 4210 Anticipated Reimbursements	The amount of automatically apportioned reimbursable program authority anticipated. Contra: 4210 Anticipated Reimbursements
2. The amount of reimbursable customer orders accepted. Contra: 4614 Uncommitted/Unobligated Allotments - Reimbursable Program	
3. At fiscal year end, entry to close any remaining balance. Contra: 4210 Anticipated Reimbursements	

Figure 15-45

ACCOUNT 4610 ALLOTMENTS - REALIZED RESOURCES

Credit Balance. Represents the amount of funds received and available for commitment/ obligation or withheld programs allotted. Includes obligational authority available for both the direct and reimbursable programs.

Debit	Credit

This account is a summary account.

Do not post to this account.

Figure 15-46

ACCOUNT 4611 UNCOMMITTED/UNOBLIGATED ALLOTMENTS - DIRECT PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of direct program obligational authority received for the current period, but not yet committed or obligated.

Debit	Credit
1. The amount of current period, direct program obligational authority withdrawn. Contra: 4580 Allotments Received	1. The amount of direct program obligational authority received for use during the current period. Contra: 4580 Allotments Received
2. Amounts committed. Contra: 4710 Outstanding Commitments - Direct Program	2. Amounts decommitted or deobligated. Contra: 4710 Outstanding Commitments - Direct Program 4810 Series: Undelivered Orders - Direct Program 4910 Expended Authority - Unpaid - Direct Program 4931 Expended Authority - Paid - Direct Program
3. Amounts obligated without a prior commitment Contra: 4810 Undelivered Orders - Direct Program 4910 Expended Authority - Unpaid - Direct Program 4930 Expended Authority - Paid - Direct Program	3. Amount of subsequent period, direct program obligational authority becoming current, or withheld program released Contra: 4591 Uncommitted/ Unobligated Authority - Subsequent Periods 4592 Uncommitted/ Unobligated Authority - Withheld Programs

Figure 15-47

ACCOUNT 4614 UNCOMMITTED/UNOBLIGATED ALLOTMENTS - REIMBURSABLE PROGRAM - CURRENT PERIOD

Credit Balance. Represents the amount of reimbursable program obligational authority established upon acceptance of reimbursable orders, but not yet committed or obligated.

Debit	Credit
1. The amount of reductions in customer orders.	1. The amount of customer orders accepted.
Contra: 4593 Specifically Apportioned Reimbursable Program	Contra: 4593 Specifically Apportioned Reimbursable Program
4594 Automatically Apportioned Reimbursable Program	4594 Automatically Apportioned Reimbursable Program
2. Amounts committed.	2. Amounts decommitted or deobligated.
Contra: 4720 Outstanding Commitments - Reimbursable Program	Contra: 4720 Outstanding Commitments - Reimbursable Program
3. Amounts obligated without a prior commitment.	4820 Series: Undelivered Orders - Reimbursable Program
Contra: 4820 Series: Undelivered Orders - Reimbursable Program	4920 Expended Authority - Unpaid - Reimbursable Program
4920 Expended Authority - Unpaid - Reimbursable Program	4941 Expended Authority- Paid - Reimbursable Program
4941 Expended Authority - Paid - Reimbursable Program	

Figure 15-48

ACCOUNT 4615 CONTRACT AUTHORITY AVAILABLE

Credit Balance. Represents the amount of obligational authority received from contract authority. Subaccounts to identify specific purposes for which the contract authority was made available may be established as needed.

Debit	Credit
1. The amount of contract authority withdrawn.	1. The amount of contract authority received for use.
Contra: 4032 Anticipated Contract Authority	Contra: 4032 Anticipated Contract Authority
2. Amounts committed.	2. Amounts decommitted or deobligated.
Contra: 4725 Outstanding Commitments -	Contra: 4725 Outstanding Commitments
3. Amounts obligated without a prior commitment.	4825 Series: Undelivered Orders
Contra: 4825 Undelivered Orders -	4925 Expended Authority
4925 Expended Authority - Unpaid - Reimbursable Program	
4825 Undelivered Orders	

Figure 15-49

ACCOUNT 4650 EXPIRED AUTHORITY

Credit Balance. Represents the unobligated amount of expired appropriations prior to cancellation of the appropriation.

Debit	Credit
1. Amounts of an expired appropriation used for net upward obligation adjustments. Contra: 4511 Unallocated Apportionment Realized	Unobligated amount of an appropriation at the time of its expiration for further obligation. Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program
2. Close balance upon cancellation of the appropriation. Contra: 4350 Canceled Authority	

Figure 15-50

ACCOUNT 4700 COMMITMENTS AVAILABLE FOR OBLIGATION

Credit Balance. Represents the amount of direct and reimbursable program authority committed in anticipation of obligation.

Debit	Credit
This account is a summary account.	
Do not post to this account.	

Figure 15-51

ACCOUNT 4710 OUTSTANDING COMMITMENTS - DIRECT PROGRAM

Credit Balance. Represents the amount of direct program unobligated commitments.

Debit	Credit
1. Amounts of contracts or other valid obligating documents for which a commitment was made.	Amounts of firm procurement directives, orders, requisitions, etc. issued.
Contra: 4811 Undelivered Orders - Unpaid - Direct Program 4812 Undelivered Orders - Paid - Direct Program	Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period
2. Amounts decommitted.	
Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	

Figure 15-52

ACCOUNT 4720 OUTSTANDING COMMITMENTS - REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of reimbursable program unobligated commitments.

Debit	Credit
1. Amounts of contracts or other valid obligating documents for which a commitment was made.	Amounts of firm procurement directives, orders, requisitions, etc. issued.
Contra: 4821 Undelivered Orders - Unpaid - Reimbursable Program 4822 Undelivered Orders - Paid - Reimbursable Program	Contra: 4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period
2. Amounts decommitted.	
Contra: 4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period	

Figure 15-53

ACCOUNT 4725 OUTSTANDING COMMITMENTS - CONTRACT AUTHORITY

Credit Balance. Represents the amount of contract authority unobligated commitments. Subaccounts to identify specific purposes for which the contract authority was made available may be established as needed.

Debit	Credit
1. Amounts of contracts or other valid obligating documents for which a commitment was made.	Amounts of firm procurement directives, orders, requisitions, etc. issued.
Contra: 4825 Undelivered Orders - Contract Authority	Contra: 4615 Uncommitted/ Unobligated Allotments -
2. Amounts decommitted.	
Contra: 4615 Uncommitted/ Unobligated Allotments -	

Figure 15-54

ACCOUNT 4800 UNDELIVERED ORDERS

Credit Balance. Represents the amount of goods and services ordered and obligated, but which have not been received. This account includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

Debit	Credit
This account is a summary account.	
Do not post to this account.	

Figure 15-55

ACCOUNT 4810 UNDELIVERED ORDERS - DIRECT PROGRAM

Credit Balance. Represents the amount of direct program orders for goods and services for which delivery or performance has not yet occurred.

Debit	Credit

This account is a summary of GLA 4811, "Undelivered Orders - Unpaid - Direct Program," and GLA 4812, "Undelivered Orders - Paid - Direct Program"

Do not post to this account.

Figure 15-56

ACCOUNT 4811 UNDELIVERED ORDERS - UNPAID - DIRECT PROGRAM

Credit Balance. Represents the amount of direct program orders issued without an advance payment for goods and services for which delivery or performance has not yet occurred. This account is subsidiary to GLA 4810, "Undelivered Orders - Direct Program." For undelivered orders with advance record the amount of the obligation less the advance.

Debit	Credit
1. Amounts of goods and/or services received for which an advance payment was not made. Contra: 4910 Expended Authority - Unpaid - Direct Program 4931 Expended Authority - Paid - Direct Program	Amounts of orders, contracts, or other obligating documents issued without an advance payment. Contra: 4710 Outstanding Commitments - Direct Program 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period
2. Amounts of progress payments made for undelivered orders. Contra: 4910 Expended Authority - Unpaid - Direct Program 4931 Expended Authority - Paid - Direct Program	
3. Amounts deobligated. Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	

Figure 15-57

ACCOUNT 4812 UNDELIVERED ORDERS - PAID - DIRECT PROGRAM

Credit Balance. Represents the amount of direct program orders issued with an advance payment for goods and services for which delivery or performance has not yet occurred. This account is subsidiary to GLA 4810, "Undelivered Orders - Direct Program." For undelivered orders with advance record the amount of the advance.

Debit	Credit
1. Amounts of goods and/or services received for which an advance payment was made.	Amounts of orders, contracts, or other obligating documents issued with an advance payment.
Contra: 4931 Expended Authority - Paid - Direct Program	Contra: 4710 Outstanding Commitments - Direct Program
2. Amounts deobligated.	4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period
Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	

Figure 15-58

ACCOUNT 4820 UNDELIVERED ORDERS - REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of reimbursable program orders for goods and services for which delivery or performance has not yet occurred.

Debit	Credit

This account is a summary of GLA 4821, "Undelivered Orders - Unpaid - Reimbursable Program," and GLA 4822, "Undelivered Orders - Paid - Reimbursable Program."

Do not post to this account.

Figure 15-59

ACCOUNT 4821 UNDELIVERED ORDERS - UNPAID - REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of reimbursable program orders issued without an advance payment for goods and services for which delivery or performance has not yet occurred. This account is subsidiary to GLA 4820, "Undelivered Orders- Reimbursable Program." For undelivered orders with advances record the amount of the obligation less the amount of the advance.

Debit	Credit
1. Amounts of goods and/or services received for which an advance payment was not made.	Amounts of orders, contracts, or other obligating documents issued without an advance payment.
Contra: 4920 Expended Authority - Unpaid - Reimbursable Program	Contra: 4720 Outstanding Commitments - Reimbursable Program
4941 Expended Authority - Paid - Reimbursable Program	4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period
2. Amounts of progress payments made for undelivered orders.	
Contra: 4920 Expended Authority - Unpaid - Reimbursable Program	
4941 Expended Authority - Paid - Reimbursable Program	
3. Amounts deobligated.	
Contra: 4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period	

Figure 15-60

ACCOUNT 4822 UNDELIVERED ORDERS - PAID - REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of reimbursable program orders issued with an advance payment for goods and services for which delivery or performance has not yet occurred. This account is subsidiary to GLA 4820, "Undelivered Orders - Reimbursable Program." For undelivered orders with advances record the amount of the advance.

Debit	Credit
1. Amounts of goods and/or services received for which an advance payment was made.	Amounts of orders, contracts, or other obligating documents issued with an advance payment.
Contra: 4941 Expended Authority - Paid - Reimbursable Program	Contra: 4720 Outstanding Commitments - Reimbursable Program
2. Amounts deobligated.	4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period
Contra: 4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period	

Figure 15-61

ACCOUNT 4825 UNDELIVERED ORDERS -CONTRACT AUTHORITY

Credit Balance. Represents the amount of orders issued under contract authority for goods and services for which delivery or performance has not yet occurred. Subaccounts to identify specific purposes for which the contract authority was made available may be established as needed.

Debit	Credit
1. Amounts of goods and/or services received	Amounts of orders, contracts, or other obligating documents issued
Contra: 4925 Expended Authority Unpaid	Contra: 4725 Outstanding Commitments -
	4615 Uncommitted/ Unobligated Allotments
2. Amounts deobligated.	
Contra: 4615 Uncommitted/ Unobligated Allotments -	

Figure 15-62

ACCOUNT 4900 EXPENDED APPROPRIATIONS

Credit Balance. Represents the amount of paid and unpaid expenditures for (a) services performed by employees, contractors, vendors, carriers grantees, lessors, other government funds; (b) goods and tangible property received, and (c) amounts becoming owed under programs for which no current service or performance is required (that is, annuities, insurance claims, other benefit payments).

Debit	Credit

This account is a summary account.

Do not post to this account.

Figure 15-63

ACCOUNT 4910 EXPENDED AUTHORITY - UNPAID - DIRECT PROGRAM

Credit Balance. Represents the amount of direct program goods and services received for which payment has not yet been made.

Debit	Credit
1. Amounts of goods and services received for which payment has been made.	Amounts of goods and services received for which payment has not yet been made.
Contra: 4931 Expended Authority - Paid - Direct Program	Contra: 4810 Series: Undelivered Orders - Direct Program
2. Amounts of reductions in obligations.	4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period
Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	

Figure 15-64

ACCOUNT 4920 EXPENDED AUTHORITY - UNPAID - REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of goods and services received against the reimbursable program for which payment has not yet been made.

Debit	Credit
1. Amounts of goods and services received for which payment has been made. Contra: 4941 Expended Authority - Paid - Reimbursable Program	Amounts of goods and services received for which payment has not yet been made. Contra: 4820 Series: Undelivered Orders - Reimbursable Program 4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period
2. Amounts of reductions in obligations Contra: 4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period	

Figure 15-65

ACCOUNT 4925 EXPENDED AUTHORITY - UNPAID - CAPITAL PROGRAM

Credit Balance. Represents the amount of goods and services received against contract authority for which payment has not yet been made. Subaccounts to identify specific purposes for which the contract authority was made available may be established as needed.

Debit	Credit
1. Amounts of goods and services received for which payment has been made.	Amounts of goods and services received for which payment has not yet been made.
Contra: 4940 Expended Authority - Paid - Reimbursable Program	Contra: 4825 Undelivered Orders
	4615 Uncommitted/ Unobligated Allotments
2. Amounts of reductions in obligations	
Contra: 4615 Uncommitted/ Unobligated Allotments	

Figure 15-66

ACCOUNT 4930 EXPENDED AUTHORITY - PAID - DIRECT PROGRAM

Credit Balance. Represents the amount of direct program goods and services received for which (1) payment has been made; or (2) refunds are due of erroneous payments or unliquidated advances.

Debit	Credit

This account is a summary of GLA 4931, "Expended Authority-Paid - Direct Program," and GLA 4932, "Expended Authority - Refunds Due - Direct Program."

Do not post to this account.

Figure 15-67

ACCOUNT 4931 EXPENDED AUTHORITY - PAID - DIRECT PROGRAM

Credit Balance. Represents the amount of direct program goods and services received for which payment has been made. This account is subsidiary to GLA 4930, "Expended Authority-Paid - Direct Program."

Debit	Credit
1. Amounts of refunds due of payments previously made. Contra: 4932 Expended Authority - Refunds Due - Direct Program	1. Amounts of goods and services received for which payment has been made. Contra: 4910 Expended Authority - Unpaid - Direct Program 4811 Undelivered Orders - Unpaid - Direct Program 4812 Undelivered Orders - Paid - Direct Program 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period
2. Amounts deobligated. Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	2. Amount of a mortgage assumed. Contra: 4142 Borrowing Authority - Indefinite

Figure 15-68

ACCOUNT 4932 EXPENDED AUTHORITY - REFUNDS DUE - DIRECT PROGRAM

Credit Balance. Represents the amount of direct program refunds due from U.S. Government organizations or funds, non-federal governmental organizations, commercial vendors, and private parties resulting from erroneous payments and unliquidated advances. This account is subsidiary to GLA 4930, "Expended Authority-Paid - Direct Program."

Debit	Credit
Amounts of refunds due that have been collected.	Amounts of refunds due of payments previously made.
Contra: 4611 Uncommitted/ Unobligated Allotments - Direct Program - Current Period	Contra: 4931 Expended Authority - Paid - Direct Program

Figure 15-69

ACCOUNT 4940 EXPENDED AUTHORITY - PAID - REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of goods and services received against the reimbursable program for which (1) payment has been made; or (2) refunds are due of erroneous payments or unliquidated advances.

Debit	Credit

This account is a summary of GLA 4941, "Expended Authority-Paid - Reimbursable Program," and GLA 4942, "Expended Authority - Refunds Due - Reimbursable Program."

Do not post to this account.

Figure 15-70

ACCOUNT 4941 EXPENDED AUTHORITY - PAID - REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of goods and services received against the reimbursable program for which payment has been made. This account is subsidiary to GLA 4940, "Expended Authority-Paid - Reimbursable Program."

Debit	Credit
1. Amounts of refunds due of payments previously made.	Amounts of goods and services received for which payment has been made.
Contra: 4942 Expended Authority-Paid - Refunds Due	Contra: 4920 Expended Authority - Unpaid - Reimbursable Program
2. Amounts deobligated	4820 Series: Undelivered Orders - Reimbursable Program
Contra: 4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Program Reimbursable Program -	4614 Uncommitted/ Unobligated Allotments - Current Period

Figure 15-71

ACCOUNT 4942 EXPENDED AUTHORITY - REFUNDS DUE - REIMBURSABLE PROGRAM

Credit Balance. Represents the amount of reimbursable program refunds due from U.S. Government organizations or funds, non-federal governmental organizations, commercial vendors, and private parties resulting from erroneous payments and unliquidated advances. This account is subsidiary to GLA 4940, "Expended Authority-Paid - Reimbursable Program."

Debit	Credit
Amounts of refunds due that have been collected.	Amounts of refunds due of payments previously made.
Contra: 4614 Uncommitted/ Unobligated Allotments - Reimbursable Program - Current Period	Contra: 4941 Expended Authority - Paid - Reimbursable Program

Figure 15-72

ACCOUNT 4950 EXPENDED AUTHORITY - PAID - UNDISTRIBUTED

Credit Balance. Represents the amount of disbursements as reported by the U.S. Treasury, departmental or other finance network that are not immediately distributable at the execution level.

Debit	Credit
1. Reversal of erroneous reported disbursements.	The amount reported as disbursements by the finance network.
Contra: 4910 Expended Authority - Unpaid - Direct Program	Contra: 4910 Expended Authority - Unpaid - Direct Program
4920 Expended Authority - Unpaid - Reimbursable Program	4920 Expended Authority - Unpaid - Reimbursable Program
2. Identification of disbursements to proper account.	
Contra: 4931 Expended Authority - Paid - Direct Program	
4941 Expended Authority - Paid - Reimbursable Program	

Figure 15-73

ACCOUNT 4979 DOWNWARD ADJUSTMENT OF PRIOR YEAR EXPENDED AUTHORITY

Credit Balance. Represents the actual amount of any cancellations or downward adjustments since October 1 of the current fiscal year for direct program obligations reported in prior years. This account applies only to the expired portion of multiple-year and no-year appropriations.

Debit	Credit
Close account at fiscal year end.	The amount of actual recoveries of prior year direct program obligations.
Contra: 4580 Allotments Received	Contra: 4811 Undelivered Orders - Unpaid - Direct Program 4812 Undelivered Orders - Paid - Direct Program 4910 Expended Authority - Unpaid - Direct Program 4931 Expended Authority-Paid - Direct Program

Figure 15-74

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CHAPTER 16

ACCRUED EXPENDITURES FOR CONTRACTS

1601 PURPOSE

The purpose of this chapter is to furnish supplementary departmental guidance on accounting for accrued expenditures for contract deliverables accepted on contracts administered by the Defense Contract Management Command (DCMC) and paid by the DFAS-Columbus Center.

1602 STANDARDS

160201. Accrued expenditures recorded in budgetary accounts must report, separately, the amounts paid and unpaid for all contract deliverables accepted during the fiscal year.

160202. Accrued expenditures for contracts must be recorded during the period in which the goods or services are received and accepted using appropriate accounting entries.

160203. Accrued expenditures shall be recorded in the records of the accountable entity for which the contract undelivered order is recorded and obligated.

1603 OPERATIONAL REQUIREMENTS

160301. The DFAS-Columbus Center will transmit accrued expenditure data to the applicable accounting station in accordance with the following:

A. Daily Reporting

1. Accrued Expenditures Paid. Contract Payment Notices or notices of prevalidated payment will be transmitted promptly after disbursement to designated accounting stations. These notices include the amounts of progress payments made and recouped so that the outstanding balance of progress payments can be recognized in the accounting records as non-accrued advances on undelivered orders.

2. Accrued Expenditures Unpaid. Shipment Performance Notices will be transmitted promptly after contract administration acceptance on the DD Form 250 (or equivalent acceptance document) to the designated logistics or program manager. These notices then are available to accounting systems that interface with logistics and program management systems, and have been designed with the capability to recognize shipment and receipt data as accounts payable and accrued expenditures unpaid liabilities. For certain large contracts, a notice of intended payment may be transmitted by the DFAS-Columbus Center to serve as the accrued expenditure unpaid notice for such payments. The accrued expenditures unpaid amount must equal the amount recorded as accounts payable in the proprietary accounts.

B. Monthly Reporting

1. At the end of each month, the DFAS-Columbus Center will prepare an accrued expenditure report. This report serves as an overall control on entries recorded by individual accounting entities and will report summary totals (at the appropriation subhead level) without reference to transactions or the contracts to which the amounts apply. The categories reflected in the report include:

a. Outstanding acceptances;

b. Undisbursed invoices without acceptance or in cash management status;

c. Outstanding balance of unrecouped progress payments;

d. Holdback amounts on cost/fee vouchers or non-final clearance on certain contract conditions; and

e. Termination costs.

2. The accrued expenditure report is transmitted as follows:

For Army and Defense Appropriations:

Defense Finance and Accounting Service-Indianapolis Center
Directorate for Departmental Accounting
8899 East 56th Street
Indianapolis, IN 46249-0100

For Navy Appropriations:

Defense Finance and Accounting Service-Cleveland Center
Directorate for Departmental Accounting and Analysis
1240 East Ninth Street
Cleveland, OH 44199-2055

For Air Force Appropriations:

Defense Finance and Accounting Service-Denver Center
Departmental Accounting Directorate
6760 E. Irvington Place
Denver, CO 80279-8000

C. Transmission of both daily and monthly transactions shall be accomplished via the Defense Switched Network (DSN). The DFAS-Columbus Center shall transmit by close of business the workday following the action date. For example, activity for Tuesday would be transmitted on Wednesday and activity for Friday would be transmitted on the following Monday.

160302. Accrued expenditures must be recorded at least monthly at the level most useful to accounting entity management, e.g., contract line item. The entry, at a minimum, must be at the level used for recording the undelivered order. Reporting within and outside the accounting entity must be based on recorded data.

A. The amounts included in the daily transactions--transmitted by the DFAS-Columbus Center--will be used for maintenance of accrual accounting records. In addition, those accounting systems interfacing with logistics systems shall record unpaid accrued expenditures for destination contract deliverables (based on the logistics system recording of the DoD 4000.25-2-M, "Military Standard Transaction Reporting and Accounting Procedures") or for any delivery received prior to the DFAS-Columbus Center transmission of a transaction notice. The accounting entries required for accrued expenditure accounting are included in Chapter 15 of this Volume.

B. Summary amounts reported in the monthly accrued expenditure report by the DFAS-Columbus Center may not be used for accounting record maintenance, but shall be used at the DFAS Center reporting level for checking the reasonableness of amounts included in installation and intermediate level reports. This summary data may also be used to effect a temporary accrual of unpaid amounts for departmental level reporting when it is known that lower operational levels do not record accrued amounts for contracts administered by the DCMC and paid by the DFAS-Columbus Center.

160303. Particular attention must be paid to internal control procedures. Safeguards are necessary to ensure that transactions are recorded only once. Specifically, performance notices of DCMC acceptance of work, progress payments and shipment notices all may be "first documentation" used to record the accrued expenditure. One document should not be used to duplicate a transaction recorded from another, although any such document should be used to ensure completeness and to adjust accrued expenditures-unpaid and accrued expenditures-paid amounts and classification. Similarly non-DCMC sources of data may be used by the accounting entity to verify completeness, but must not create duplicate accrued expenditures.

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CHAPTER 17

ACCOUNTING REQUIREMENTS FOR MILITARY CONSTRUCTION PROJECTS

1701 GENERAL

170101. Purpose. This chapter identifies accounting requirement applicable to the acquisition and/or construction of real property. It addresses (A) costs to be charged to appropriations available for military construction (these costs are referred to as funded costs); (B) costs that, although financed by appropriations or funds other than those available for a specific construction project, are to be capitalized as part of the real property investment (these are referred to as unfunded costs); (C) preparation of accounting source documents required to support entries to real property accounts; (D) obligation and expenditure restrictions and limitations for military construction projects, and (E) various other related functions.

170102. Overview

A. Authorization Requirements

1. Each year an annual or biennial request for major construction projects and programs is submitted to the Congress. Requests presented are reviewed, adjusted, and approved through established command and staff channels, including the Office of the Secretary of Defense (OSD) and the Office of Management and Budget (OMB) before submission to the Congress for authorization. Guidance for submitting military construction projects for authorization is provided by the Assistant Secretary of Defense (Economic Security) in conjunction with the ODC(P/B).

2. Requests for authorization are confined to projects that reasonably can be expected to be executed within the fiscal year requested.

3. Authorization requests for major construction projects are supported by data on proposed physical capacity or other physical measurements, as well as data on estimated costs. Generally, the data for such projects shall be arranged by state and/or installation. These data shall be accompanied with comparative data on the existing real property inventory and projects expected to be subject to future authorization requests. Related data with respect to approved missions and proposed forces also should be provided. Programs also should be evaluated with respect to that portion of a project subject to request for immediate authorization and that portion deferred for future authorization requests.

B. Appropriation Requirements

1. Appropriation requests in support of all new military construction projects are submitted to the Congress annually or biennially, as required. Military construction appropriations generally are available for obligation for five fiscal years. Such appropriation requests are consistent with existing authorizations, authorization requests, or other requests for

funds, as applicable, and include specific budget estimates for those projects for which legislative authorization has been, or is being, requested.

2. Individual projects must be authorized and appropriated in consonance with Title 10, United States Code, sections 2821, 2822, 2824 and 2825.

3. Consistent with congressional authorization and the reprogramming criteria provided in Chapter 7 of this Volume, and within total amounts appropriated in each annual appropriation act, adjustments may be made as necessary to finance to completion the cost of (a) projects previously approved and started, (b) projects expected to be started during the current fiscal year, and (c) other project costs that represent valid unfinanced requirements for the budget year. Amounts previously appropriated in excess of the cost of performance may be reprogrammed to support the completion of other projects.

4. Individual projects cited as a source of funds for reprogramming shall be limited to the new total cost included in the estimate given to the Congress.

C. Planning and Design

1. Planning and design functions are efforts necessary to develop preliminary project cost estimates.

2. Title 10, United States Code, section 2807 authorizes the Secretary of the Military Department concerned to perform planning and design efforts for military construction or land acquisition projects. Such efforts, to the extent accomplished within amounts otherwise appropriated, may be accomplished without specific congressional authorization for the project involved. For projects where the estimated design costs exceed the amount established in 10 U.S.C. 2807, the Secretary of a Military Department shall notify the appropriate committees of the Congress not less than 21 days before the initial obligation of funds for such services. This provision applies only to the Military Service active components. There is no requirement for the Reserve Components to notify the committees at any design cost threshold.

3. Functions that may be performed under the authority of planning and design are as follows:

a. Architectural and engineering services and construction design required for site investigation, survey, mapping, or sketches.

b. Preparation of cost estimates for construction and land acquisition projects.

c. Preparation of plans, specifications, special studies, including value engineering, and construction contract documents.

d. Construction management of projects that are funded by foreign governments for which elements of the Armed Forces of the United States are the primary user.

e. Development and updating of design criteria and manuals.

f. Preparation of standard designs and definitive drawings used on military construction projects.

g. Management of military construction program design and contract administrative services for design.

h. Certification of project cost.

i. Administration of architectural and engineering service contracts for the design of construction and land acquisition projects.

j. Printing and reproduction of bid documents, preparing pre-bid government estimates and liaison with prospective bidders prior to award of a construction contract.

D. Major Construction

1. Major military construction projects include all acquisition and/or construction, additions, expansions, extensions, conversions, alterations, or replacements of (a) facilities with costs in excess of the amount specified by law as the maximum amount for a minor construction project or (b) any project, regardless of cost, approved as a specific line item in the Military Construction budget request. Costs of a major construction project should include the following:

a. Surveys, demolition and site preparation.

b. Acquisition, conversion, rehabilitation, and installation of facilities.

c. Acquisition and installation of equipment and appurtenances integral to the project.

d. Acquisition and installation of supporting facilities (including utilities) and appurtenances incident to the project.

e. Supervision, administration, and overhead incident to the project.

f. Design and support of design for construction projects after construction award (includes change orders, value engineering proposals, and as-built drawings).

2. Specifically excluded from major construction are those costs identified as minor construction, planning and design, or supporting activities. Efforts financed by other than military construction appropriations are discussed in section 1703, below.

E. Emergency Construction

1. The Secretaries of the Military Departments and Directors of Defense Agencies may carry out a major construction project under the authority of 10 U.S.C. 2803, after appropriate congressional notification. Additional guidance is contained in DoD Directive 4270.36, "DoD Emergency, Contingency, and Other Unprogrammed Construction." Emergency construction is limited to those projects where it is determined that:

a. The project is vital to national security, protection of health and safety, or quality of the environment.

b. The requirement for the project is so urgent that deferral of the project for inclusion in the next Military Construction Authorization Act would be inconsistent with national security, protection of health and safety, or quality of the environment.

2. When a decision is made to request approval for an emergency construction project, the DoD Component concerned shall submit a notification and request for reprogramming of military construction funds in accordance with the provisions of 10 U.S.C. 2803 and Chapter 7 of this Volume. Each reprogramming request shall include the following:

a. Justification for, and the current estimate of, the cost of the project.

b. Justification for carrying out the project as an emergency construction project.

c. A statement as to the source of funds to be used for the project.

3. Emergency construction projects shall be financed within amounts appropriated for military construction that have not been obligated for other purposes. The maximum amount that may be obligated by each Military Department in any fiscal year is established in 10 U.S.C. 2803.

4. Actual construction shall not commence prior to the receipt of appropriate DoD and congressional approval.

5. Except as otherwise specifically provided for, emergency construction projects shall be subject to the same restrictions and limitations as major construction projects. Additionally, the identification and treatment of costs for emergency construction projects shall be consistent with that for major construction projects.

6. There is no provision for emergency construction for the Reserve Components.

F. Contingency Construction

1. Title 10, United States Code, section 2804 and the annual Military Construction Appropriation Acts contain authority that authorized projects of an urgent nature to be funded from the Contingency Construction Account. Such efforts, to the extent accomplished within amounts appropriated for such purposes, may be accomplished without specific congressional authorization for the project involved. Use of this authority requires approval by the Secretary of Defense and written notification to the appropriate committees of Congress. In addition, there is a statutory waiting period of 21 days following congressional notification before funds may be obligated for any project approved under this authority.

2. A project financed under this authority requires a determination that deferral of the project for inclusion in the next Military Construction Authorization Act would be inconsistent with national security or national interest. Additional guidance is contained in DoD Directive 4270.36.

3. When a decision is made to request approval for an contingency construction project, the DoD Component concerned shall submit a notification and request for reprogramming of military construction funds in accordance with the provisions of 10 U.S.C. 2804 and Chapter 7 of this Volume. Each reprogramming request shall include the following:

a. Justification for, and the current estimate of, the cost of the project.

b. Justification for carrying out the project as an contingency construction project.

c. A statement as to the source of funds to be used for the project.

4. Actual construction shall not commence prior to the receipt of appropriate DoD and congressional approval.

G. Environmental Response Actions

1. Title 10, United States Code, section 2810 contains authority that authorizes the Secretary of Defense to carry out constructions projects for environmental response actions. Such efforts may be accomplished without specific congressional authorization for the project involved. Use of this authority requires approval by the Secretary of Defense and written notification to the appropriate committees of Congress. In addition, there is a statutory waiting period of 21 days following congressional notification before funds may be obligated for any project approved under this authority.

2. When a decision is made to request approval for an environmental response action construction project, the applicable DoD Component concerned shall submit a request for reprogramming of military construction funds in accordance with the provisions of 10 U.S.C. 2810 and Chapter 7 of this Volume. Each reprogramming request shall include:

a. Justification for, and the current estimate of, the cost of the project.

b. A statement as to the source of funds to be used for the project.

H. Construction in the Event of a Declaration of War or National Emergency

1. Title 10, United States Code, section 2808 contains authority that authorizes the Secretary of Defense to undertake military construction projects, without regard to any other provision of law, in the event of a declaration of war or the declaration by the President of a national emergency that requires use of the Armed Forces of the United States.

2. Such projects may be undertaken only within the total amount of funds that have been appropriated for military construction, including funds appropriated for family housing, that have not been obligated. (This authority shall terminate at the end of the war or national emergency). Use of this authority requires the Secretary of Defense to notify the appropriate committees of Congress. Additional guidance is contained in DoD Directive 4270.36.

I. Minor Construction

1. Projects that involve the acquisition (except land), new construction, addition, expansion, extension, alteration, conversion, replacement, or installation of permanent or temporary facilities (except family quarters) are considered to be minor construction projects when (a) the cost of the project does not exceed such amount as may be specified by 10 U.S.C. 2805 for the Active Components and 10 U.S.C. 18233a for the Reserve Components and (b) the project has not been included in the budget request as a specific line item.

2. When a minor construction project costing more than amounts established in 10 U.S.C. 18233a is undertaken, appropriate congressional committees shall be

notified prior to the start of the project. The project then may be carried out only after the end of the 21 day period beginning on the day the notification is received by the committees, or after each such committee approves the project, if the committees approve the project before the end of the 21 day period. Funds cannot be obligated for construction until committee approval is obtained.

3. Title 10, United States Code, section 2805 contains authority that authorizes the Secretary of Defense to carry out minor constructions projects within an amount equal to 125 percent of the amount authorized by law for such purposes without specific congressional authorization, except as provided in 10 U.S.C. 2805(a)(2). Use of this authority requires written notification to the appropriate committees of Congress and a statutory waiting period of 21 days following congressional notification before funds may be obligated for any project approved under this authority.

4. Planning and design costs are excluded from the cost determination for purposes of determining compliance with the amounts established in 10 U.S.C. 2805 for minor construction projects; however, design costs are not excluded from capitalization.

5. Each project accomplished under the minor construction authority must result in a complete real property facility or improvement. Further, each project must, to the maximum extent possible, be consistent with the appropriate installation master plan. Requests for project approval must fully disclose the relation of the project to the master plan and must detail further planned construction to the same or closely related facilities.

6. DoD Components are precluded from using materials, supplies, or items of installed capital equipment on their own minor construction projects on a nonreimbursable basis.

7. Prerequisites for establishing a minor construction project include identification of the required end result of the project and its correlation with the appropriate installation master plan.

8. It is not feasible to prescribe absolute criteria for determining what scope of work would, under all possible circumstances, properly constitute a separate minor construction project. However, minor construction projects undertaken under the authority of 10 U.S.C. 2805 must be consistent with the intent of the statute as to what constitutes a separate project.

9. The planned acquisition of, or improvement to, a real property facility through a series of minor construction projects; that is, incremental-type construction is prohibited.

Notwithstanding any other provisions for approval of minor construction projects, no project may be proposed to be accomplished under minor construction authority that previously has been

deleted by the Congress from proposed military construction authorization legislation or otherwise disapproved of by the Congress.

J. Restoration or Replacement of Damaged or Destroyed Facilities

1. The Secretaries of the Military Departments, with the approval of the Secretary of Defense, may request congressional approval to repair, restore or replace a facility that has been damaged or destroyed for which legislative authorization and appropriation has not been provided.

2. Title 10, United States Code, section 2854 requires that Congress be notified in writing when the cost of a project is greater than the amount specified in 10 U.S.C. 2805 for minor construction.

3. When a decision is made to request approval for restoration or replacement of damaged or destroyed facilities, the applicable DoD Component concerned shall submit a request for reprogramming of military construction funds in accordance with the provisions of 10 U.S.C. 2854 and Chapter 7 of this Volume. Each reprogramming request shall include:

a. Justification for, and the current estimate of, the cost of the project.

b. A statement as to the source of funds to be used for the project.

4. Restoration or replacement projects shall be financed within amounts appropriated for military construction that have not been obligated for other purposes.

5. Actual construction shall not commence prior to the receipt of appropriate DoD and congressional approval.

K. Supporting Activities

1. Funding for supporting activities provides for access roads under authorization contained in 23 U.S.C. 210. Access roads may be required in conjunction with construction, expansion, improvement, replacement, or relocation of DoD facilities.

2. Highways located within the boundaries of a military reservation are not eligible for financing from these funds. Such highways shall be funded from major construction, emergency construction, or minor construction programs, as applicable. Additionally, projects in the regular Federal Air Primary Systems normally are not considered eligible for financing with these funds.

3. Funds available for Defense access roads can be provided to the Department of Transportation (DoT) via a Standard Form (SF) 1151, "Nonexpenditure Transfer Authorization" nonexpenditure cash transfer or the effort may be carried out by DoT on a reimbursable basis.

L. Scope of a Military Construction Project

1. All acquisitions of land, regardless of cost, may be considered to be a military construction project. Submit all requests for purchase, withdrawal from public domain, lease or permit from individuals or government entities, or any other type of use agreement involving more than 1,000 acres, or land whose estimated purchase price or annual lease price exceeds $1 million to the Deputy Secretary of Defense through the Deputy Assistant Secretary of Defense (Installations). Title 10, United States Code, section 2673 also authorizes use of Operation and Maintenance funds for land acquisition as defined in 10 U.S.C. 2672.

2. A military construction project includes all construction efforts, or any contribution authorized by law, necessary to produce a complete and usable facility or a complete and usable improvement to an existing facility or improvement as specifically authorized by law.

3. Military construction project funding includes equipment installed in and made a part of real property structures or improvements. Construction project funding excludes all production and movable equipment. The source and cost of all production and movable equipment directly associated with construction projects shall be disclosed as additional information in presenting construction programs and budgets.

4. Construction applicable to one real property facility:

a. All construction proposed for a real property facility in which the same functional purpose or related functional purposes involved will be treated as one project.

b. All concurrent construction proposed for contiguous areas of a multi-use facility shall be treated as a single project even though the construction pertains to unrelated functional purposes. For this purpose, contiguous means "in actual contact" or "touching."

c. All construction proposed for a multi-use facility that is common to the facility as a whole, or common to areas in which the same or related functional purposes are performed, shall be treated as a single project.

d. Construction proposed for a multi-use facility may be divided into separate projects provided that each project can be clearly defined and the result is a complete and usable facility.

5. When construction is accomplished concurrent with repair and/or maintenance work as an integrated undertaking, the construction may be treated as a separate project. If the construction is treated as a separate project, cost limitations, notification, and other requirements associated with applicable construction projects apply. For this purpose, engineering estimates may be used to determine costs applicable to the construction portion.

6. A decision as to whether one or more projects are to be established for related efforts relating to subparagraph 170102.L.5, above, shall be submitted for approval to the Secretary of the cognizant Military Department.

1702. EFFORTS TO BE FINANCED BY MILITARY CONSTRUCTION APPROPRIATIONS

170201. All costs of the military construction program are financed from appropriations available for that purpose. These costs include design, major construction projects, supporting construction functions, construction overhead, and projects authorized in the United States Code for funding by appropriations available for military construction. Unfunded costs that are capitalized, but financed by appropriations other than those available for military construction, are addressed in section 1703, below.

170202. For other than family housing projects, the military construction appropriation shall be used when the cost of a minor construction project is greater than the amount established in Title 10, United States Code, section 2805.

170203. Funded Project Costs. Except as prescribed in section 1703, below, major construction costs incurred during the design and construction phases are funded from applicable military construction appropriations. These costs include, but are not necessarily limited to, the following:

A. All materials, supplies, and services applicable to the project.

B. All items of installed capital equipment.

C. Transportation costs applicable to materials, supplies, installed capital type equipment, and government-owned equipment.

D. Labor costs, including construction units composed of foreign nationals but excluding U.S. military labor.

E. That portion of installation overhead or support costs that can be identified as representing additional costs that would not have been incurred were it not for the project.

F. Supervision, inspection and overhead costs charged by the U.S. Army Corps of Engineers and the Naval Facilities Engineering Command when serving as the design and/or construction agent.

G. Travel and per diem related to applicable military or civilian labor.

H. That portion of costs applicable to the operation and maintenance of Government-owned equipment shall be computed on an hourly rate in accordance with guidance in Chapter 1, Volume 11A of this Regulation.

170204. Overhead Expenses. All overhead expenses for the military construction program, including work for others, initially are financed from the performing military construction appropriation. These expenses are distributed to projects, including work for others. Military construction overhead includes the following efforts:

A. Personal services (and support costs) at field and headquarters activities related to the military construction program.

B. Contract administration.

C. Military construction program and project management (including post construction evaluation).

D. Technical direction and coordination of projects.

E. Land planning studies or reports, appraisal, and title search after congressional authorization of a land acquisition or exchange.

F. Project management and administration not otherwise identified above.

170205. Reimbursable Project Costs. The appropriation or fund financing a construction project shall reimburse other appropriations or funds, as applicable, for costs initially financed by another appropriation or fund. Reimbursement between appropriations shall be made by use of an SF 1080, "Voucher for Transfers Between Appropriations and/or Funds," on a "no-check" basis.

1703. EFFORTS FINANCED BY OTHER THAN MILITARY CONSTRUCTION APPROPRIATIONS

170301. Unfunded Costs. Some efforts in support of military construction are identified as unfunded costs. However, such costs must be capitalized as part of the value of the property. Unfunded costs are those that (a) contribute to a military construction project, (b) are financed from appropriations other than military construction, and (c) are not reimbursed by appropriations available for military construction. Unfunded costs are capitalized as part of the real property investment and include the following:

A. Costs financed from military personnel appropriations.

B. Costs applicable to the depreciation of government-owned equipment shall be computed on an hourly rate in accordance with guidance in Chapter 1, Volume 11A of this Regulation.

C. Materials, supplies, and items of installed capital equipment that have been obtained specifically for a project on a nonreimbursable basis, either as excess distributions from another DoD Component or as excess distributions from other Federal agencies. A DoD Component is precluded from using materials, supplies, or items of installed capital type equipment on its own minor construction projects on a nonreimbursable basis.

D. Unfunded civilian fringe benefit rates for DoD civilian personnel as prescribed in Chapter 6, Appendix C, "Civilian Personnel Fringe Benefit," Volume 11A of this Regulation .

E. Gifts from private parties.

170302. Planning and design costs are excluded from the cost determination for purposes of determining compliance with the amounts established in 10 U.S.C. 2805 for minor construction projects.

170303. For other than family housing facilities, when the cost of a project is less than the amount specified in 10 U.S.C. 2805, the project shall be financed from applicable Operation and Maintenance (O&M) appropriations; Research, Development, Test and Evaluation (RDT&E) appropriations; or working capital fund resources, as appropriate.

170304. Items of equipment that are movable in nature and not affixed as an integral part of a facility shall be financed from applicable O&M appropriations; RDT&E appropriations; procurement appropriations; or working capital fund resources, as appropriate. This equipment includes all types of production, processing, technical, training, servicing, RDT&E, and pre-wired work stations.

170305. Any operational equipment for which installation mountings and connections are provided in the building design, and that are detachable without damage to the building or equipment, shall be financed from applicable O&M appropriations; RDT&E appropriations; procurement appropriations; or working capital fund resources, as appropriate.

170306. The costs of alterations to install movable equipment that is not affixed as an integral part of a facility shall be financed from applicable O&M appropriations; RDT&E appropriations; procurement appropriations; or working capital fund resources, as appropriate.

170307. The following examples of installation or relocation items should be financed from applicable O&M appropriations; RDT&E appropriations; procurement appropriations; or working capital fund resources, as appropriate:

A. Prefabricated screens, partitions, false floors, platforms, and shielding for electromagnetic radiating services.

B. Temporary removal and reinstallation or portions of existing walls, roofs, utility systems, and appurtenances to permit installation of equipment.

C. Secondary utility work necessary to connect equipment to existing utilities services within a facility between the primary entry or source of utilities into the structure and the equipment to be served.

170308. Advance Planning. Advance planning costs should be financed through the O&M accounts and expensed in the period incurred. Working capital funds will finance advance planning costs through its operating account and expense these costs in the period incurred. (See Volume 11B of this Regulation). Advance planning is not encompassed by, and should not be performed under, the authority of military construction project planning and design efforts. Advance planning costs are not to be included in determining compliance with the amounts established in 10 U.S.C. 2805 for minor construction projects. The following are examples of advance planning functions:

A. Developing the requirements for a military construction project (project formulation).

B. Developing a master plan for an installation.

C. Initial explorations of project alternatives and rough drawings.

D. Facilities related management studies.

E. Conceptual analysis.

E. Making alternative site studies.

F. Developing and validating military construction project documentation prior to commencing project design.

G. Preparing engineering analyses and studies to develop technical design parameters prior to commencing project design.

H. Preparing environmental impact assessments and statements.

170309. Family Housing. All family housing construction projects shall be funded from applicable family housing appropriations. Guidance concerning funding of family housing efforts is addressed in Chapter 6, "Military Construction/Family Housing Appropriations," Volume 2, of this Regulation.

170310. Projects for pollution abatement, energy conservation, and occupational safety and health activities may be funded from other than the military construction appropriation when the cost of a project:

A. Is funded from the proceeds of sales of recyclable material in accordance with Chapter 5, "Disposition of Proceeds From DoD Sales of Surplus Personal Property," Volume 11A of this Regulation, and 10 U.S.C. 2577.

B. Does not exceed 50 percent of the amount established by law as a maximum amount for minor construction projects in accordance with 10 U.S.C. 2577.

1704. AUTHORIZATION, APPROPRIATION, OBLIGATION, AND EXPENDITURE RESTRICTIONS

170401. Program Restrictions

A. Specific authorization shall be required for work to be performed under major construction programs unless the project is carried out under one of the authorities provided by Title 10, United States Code, sections 18233a, 2803, 2804, 2805, 2808, 2810, or 2854--or other authorities--to carry out a project not otherwise specifically authorized.

B. Each Act of Congress that provides authorization for work to be performed under major construction programs generally contains a limitation on total costs for work to be undertaken for each installation as a whole, for emergency construction work on a Department-wide basis and, in some cases for a type or category of construction. In certain circumstances, overruns, within stated percentages, may be authorized with respect to individual cost limitations, provided the total amount authorized for any appropriation is not exceeded.

170402. Obligation and Expenditure Restrictions

A. Appropriated funds authorized for obligation are subject to DoD Directive 7200.1 and the Antideficiency Act provisions addressed in Volume 14 of this Regulation. An adequate system of funds control shall be established in accordance with Volume 14. These controls shall be designed to ensure that individual projects are being carried out consistent with authorized purposes and within authorized and available funds.

B. Absent a specific provision of law, the cost estimate for each project approved by the Congress is not a separate statutory cost limitation. Major physical or financial changes in individual projects previously approved shall be reported in advance to the House and Senate Appropriations Committees and the House National Security and Senate Armed Services Committees for their approval after proper clearance within the Department and the OMB.

C. Limitations shall be at the project level for major construction and budget activity for minor construction, planning and design, etc.

D. DoD Components have limited authority to realign resources between projects consistent with Chapter 6, Volume 2 of this Regulation.

E. Requests for apportionment of appropriated funds shall be based on estimates contained in applicable approved operating budgets.

F. Within each Military Department, funding authorizations to incur obligations shall be made by means of subdivisions of appropriated funds to operating agencies and operating units responsible for construction. Such funding authorizations shall be less than or equal to total obligation requirements for the respective approved operating budgets.

G. There shall be only one allocation of funds from the construction appropriation to any operating agency and only one allotment of funds from any such allocation to each operating unit. Each allocation or allotment should carry with it only such additional obligation limitations as may be established by the OMB or the Secretary of Defense, or as otherwise required by the Congress or the President. Separate limitations imposed on total costs by congressional authorizations and by administrative action must be observed at every level in connection with budgetary and funding actions as well as in program execution.

H. When a Military Department performs construction work or services for another DoD Component, or another Federal agency, such work or services shall be performed on a reimbursable basis pursuant to the orders received by the performing Military Department's construction appropriation. There is one exception: The Department of the Army (U.S. Army Corps of Engineers) and the Department of the Navy (Naval Facilities Engineering Command) may perform work or services for the Department of the Air Force and the Federal Emergency Management Agency under allocations or allotments. The performance of work under Air Force and Federal Emergency Management Agency allocations or allotments shall be in accordance with procedures applicable to the performance of construction programs of the Department of the Army or Department of the Navy, as appropriate. Transfer appropriation accounts shall not be established for any such work, nor shall there be advances of funds to finance orders given for work or services. No work or services shall be performed under a direct "citation of funds" (that is, direct charge by the performing unit and or activity to the funds of the ordering unit and or activity).

I. The following policies shall be followed with respect to the performance of all work or services on a reimbursable basis under a construction appropriation:

1. Reimbursements earned are an additional source of obligational authority under the appropriate budget program account. For purposes of establishing obligational authority, such reimbursements may be anticipated for orders received. Cost limitations for the performance of work shall be observed pursuant to the terms of the orders received. Operating budgets shall include estimates of reimbursable orders received or anticipated.

2. Reimbursements are to be budgeted and their use controlled at the Military Department level where management and control of a program is retained. In these cases, allocations and allotments of funds shall be expressed in terms of total obligational authority in operating budgets of the respective operating agencies and operating units responsible for carrying out the program.

J. Title 10, United States Code, sections 4540, 7212 and 9540 limit the amount of obligations that can be incurred on the production and delivery of design, plans, drawings and specifications for any public works or utilities project to not more than six percent of the estimated cost of the project. The 6 percent threshold does not include costs associated with activities such as design reviews, advertisements, preparation of invitations for bids, requests for proposals, land survey, soils and/or other investigations and model studies, determination of program or project requirements, design development criteria, environmental impact statements and supporting data, or travel and per diem.

170403. Certifications of Costs

A. Certifications of costs incurred shall be prepared in accordance with the format shown in Appendix A to this chapter. These certifications shall include statements of total cost incurred on the project, the funded portion of total costs, the unfunded portion of total costs, and a statement that funded costs incurred do not exceed authorized amounts. In connection with the statement of total costs and funded costs, authorized amounts shall also be disclosed. Such disclosure shall indicate the approving authority.

B. The certification shall be prepared within 60 days after physical completion of the project and shall be signed by the installation commander, the responsible engineering official (e.g., post engineer, civil engineer, or public works officer), and the responsible fiscal official.

C. A copy of the certification shall be retained in a project file at each level that maintains project files.

1705. DOCUMENTATION STANDARDS

170501. Project Files. Project files shall be maintained for each construction project. These project files shall represent a complete historical record of the project from inception to completion. Correspondence and other documentation pertinent to the project shall be incorporated into project files at all appropriate levels. Construction agents are responsible for holding the historical project files. These files may include memorandums for record pertaining to decisions resulting from discussions, meetings, and telephone conversations.

170502. Acceptance of Real Property. The acceptance of real property by a user organization, as well as the transfer between DoD Components, or to or from other Federal agencies, must be documented. The Transfer and Acceptance of Military Real Property format shown in Appendix B to this chapter shall be used as a basic source document for transferring the

value of a military construction project to the installation's real property records. In addition, the format shall be prepared at the point amounts are transferred from Construction in Progress accounts to the applicable asset account (e.g., Building). This will provide an audit trail for the recording of the capitalized assets in the applicable property accounts. A locally developed installation format may be used in lieu of the format in Appendix B, if it contains essentially the same information.

170503. Classification of Amounts for Accounting Purposes

A. Within each construction appropriation, there should be only one account structure for classifying costs for the joint purposes of planning, programming, budgeting and accounting (including reporting). Similarly, within each construction appropriation, there should be a single uniform classification of accounts for the purpose of summarizing costs and obligations in budgets, accounting for costs and reporting these costs. The management of an activity performing a construction project is responsible for ensuring that all significant costs (that is, both funded and unfunded costs) are recorded for the project and that all costs subject to capitalization are included in the real property asset accounts, property records, and reports submitted to the OSD and the Congress.

B. The OMB and the Treasury Department have mandated use of a standard general ledger chart of accounts. The DoD Standard General Ledger is identified in Chapter 7, Volume 1 of this Regulation. Use of these DoD accounts is required in order to classify costs for the joint purposes of planning, programming, budgeting, and accounting for construction projects. All organizational levels incurring any significant level of costs shall use the Standard General Ledger to accumulate the cost of performance of construction projects and programs.

C. Cost accounting modules for accumulating and controlling construction projects shall be integrated with an activity's overall accounting system. Cost accounting systems represent a subsidiary ledger of the general accounting system. Therefore, cost accounts, as appropriate, shall be established for each project. Cost identification and cost finding are prescribed in Chapters 19 and 22, Volume 4, of this Regulation.

D. Charges to an account shall be categorized in one of the four construction phases addressed in Appendix C to this chapter. The four phases addressed in Appendix C identify those costs that will be expensed and those costs that will be capitalized.

E. Amounts to be Expensed

(1) Costs incurred in the advance planning (discussed in subsection 170308, above), programming and budgeting phases shall be expensed in the period incurred.

(2) When a project is abandoned, the total cost incurred shall be expensed consistent with guidance contained in Chapter 6, Volume 4, of this Regulation.

(3) The basic expense accounts that should be used to subdivide a project and the use of these accounts may be found in Chapter 17, Volume 4, of this Regulation

F. Amounts to be Capitalized

(1) Capitalization is a concept while recognizes that the total costs incurred in a construction project are to be shown as an asset. Capitalization applies to those projects for which actual costs and expected useful life meet the criteria specified in Chapters 1 and 6, Volume 4, of this Regulation.

(2) All significant costs related to the construction or acquisition of an asset, including unfunded costs addressed in section 1703, above, shall be recognized in capitalizing the costs of a project.

(3) The cost of efforts associated with the design, construction contracting, and construction phases of a project shall be capitalized.

(4) Direct costs incurred in the design and construction phases of a project shall be charged to a specific project. Other costs (listed in subsection 170204, above) that are financed by military construction and subject to capitalization shall be identified to the appropriate indirect cost groups for subsequent allocation to supervision, inspection and overhead cost pools.

170504. Financial Reports

A. Accounting records at every level shall be designed to permit summarization of financial transactions that produce accurate and timely information from one system of accounts. Data produced shall be in formats required for preparation of prescribed budget and financial reports and for such other day-to-day management data as may be required in executing financial oversight. In addition, records and costs must be designed and maintained so as to facilitate audits of project amounts.

B. Each military construction appropriation account shall be reported monthly in the Report of Appropriation Status by Fiscal Year Program and Subaccounts, AR(M)1002. The report shall be prepared as prescribed in Chapter 4, Volume 6, of this Regulation.

170505. Specific Entries. Construction In Progress accounts in the general ledger account 1720 series will be used to accumulate and control costs as prescribed in Chapter 6, Volume 4, of this Regulation. Construction in Progress accounts may be subdivided as necessary to accumulate and control costs. Chapter 15 of this Volume prescribes the budgetary general ledger accounts to be used in recording military construction budget execution transactions. The illustrative entries below are to supplement the entries in Chapter 6, Volume 4, of this Regulation and Chapter 15 of this Volume.

A. Dr 4611 Uncommitted/Unobligated Allotments - Direct Program - Current Period
Cr 4710 Outstanding Commitments - Direct Program

To record commitments when the direct program is used.

B. Dr 4710 Outstanding Commitments - Direct Program
Cr 4810 Undelivered Orders - Direct Program

To record the award of a military construction contract.

C. Dr 4810 Undelivered Orders - Direct Program
Cr 4910 Accrued Expenditures - Unpaid - Direct Program

Dr 1722 Construction in Progress - Contractor
Cr 2113 Accounts Payable - Public - Current

To record the receipt of a contractor's invoice for work performed.

D. Dr 4910 Accrued Expenditures - Unpaid - Direct Program
Cr 4930 Accrued Expenditures - Paid - Direct Program

Dr 2113 Accounts Payable - Public - Current
Cr 1012 Funds Disbursed

To record the payment of a contractor's invoice (assumes no contract holdback requirement).

E. Dr 1730 Buildings
Cr 1722 Construction in Progress - Contractors

To record the transfer from the Construction in Progress accounts to the Building account upon completion of the project.

APPENDIX A
EXAMPLE - CERTIFICATION OF COST INCURRED
(Minor Construction Projects Undertaken Under Authority of 10 U.S.C. 2805)

Military Department or Defense Agency: _____

Installation: _____

Project Description and Identification: _____
_____

1. Approved and actual cost were as follows:

	Approved * Costs	Actual Costs
Funded Costs		
Unfunded Costs		
Total Costs		

* The project was approved by (approving authority)

2. Funded costs do not exceed the limitations of 10 U.S.C. 2674 or any other legislative or administrative limitations.

I certify that, to the best of my information and belief, the above statements are true. I further certify that, in the discharge of my official duties, I have taken every reasonable action to verify and assure the accuracy of these statements.

(Date) (Installation or Base Commander) (Signature)
Name, Rank, Position

(Date) (Responsible Engineering Official) (Signature)
Name, Rank, Position

(Date) (Responsible Fiscal Official) (Signature)
Name, Rank, Position

NOTE: To be completed within 60 days after completion of project or, in the event of a contract dispute, as soon as such dispute is settled.

APPENDIX B
TRANSFER AND ACCEPTANCE OF MILITARY REAL PROPERTY

TRANSFER AND ACCEPTANCE OF MILITARY REAL PROPERTY							PAGE_____OF_____PAGES
1. FROM (Installation/Activity/Service & Zip Code)	2. OPERATING UNIT	3. DISTRICT CODE	4. OPERATING AGENCY	5. DATE	6. JOB NUMBER	7. SERIAL NUMBER	8. CONTRACT NUMBER
9. TO (Installation/Activity/Service & Zip Code)	10. OPERATING UNIT	11. DISTRICT CODE	12. OPERATING AGENCY	13. ACCTG. NUMBER	14. ACCTG. OFFICE NUMBER	15. TYPE OF TRANSACTION A. _____ B. _____	16. PROJECT NUMBER

ITEM NO. 17	CATEGORY CODE 18	FACILITY 19	NO. OF UNITS 20	TYPE 21	UNIT OF MEAS. 22	TOTAL QUANTITY 23	COST 24	DRAWING NUMBERS 25	REMARKS 26

27. STATEMENT OF COMPLETION: The facilities listed hereon are in accordance with maps, drawings, and specifications and change orders approved by the authorized representative of the using agency except for the deficiencies listed on the attached.

TRANSFERRED BY (Signature)	DATE:	28. ACCEPTED BY (Signature)	DATE
TITLE (Area Engr./Base Engr./DPWO)		TITLE (Area Engr./Base Engr./DPWO)	29. PROPERTY VOUCHER NUMBER

APPENDIX B
TRANSFER AND ACCEPTANCE OF MILITARY REAL PROPERTY

This exhibit sets forth the essential information required for the transfer and acceptance of military real property and should be completed to support entries into the real property accounts.

A. GENERAL INFORMATION ON THE TRANSFER AND ACCEPTANCE FORMAT

1. The page number and the total number of pages comprising each transfer transaction shall be shown in the space provided at the top right-hand part of the format.

2. When two or more pages are required, items 27 through 29 shall be completed only on the final page. In such cases, the bottom portion of the format (blocks 27 through 29) shall be excluded from each page except the final page.

B. PROCEDURES FOR COMPLETING THE TRANSFER AND ACCEPTANCE FORM

ITEM 1	Self-explanatory
ITEM 2	To be assigned in accordance with DoD Component implementation.
ITEM 3	Identify Intermediate Command, as necessary.
ITEM 4	Primarily for Navy use.
ITEM 5	Enter the date the transfer and acceptance document is prepared.
ITEM 6	For Army use, enter appropriate Army job and directive number. For Air Force use, enter base job number, as appropriate, when form is used for transfer within the Air Force.
ITEM 7	For Army use, or for transfer of construction to the Air Force, identify the fiscal year, and sequence number for each installation to which real property is being transferred; for example, for FY 1988, show 88-1, 88-2, etc. For the Navy, the serial number shall be assigned by the area or district public works office and shall represent the numerical sequence of submissions by respective contract number.
ITEM 8	Insert appropriate contract number.
ITEM 9	Self-explanatory.
ITEM 10-12	Same as instructions for Items 2, 3 and 4. To be used by the gaining activity. (Not applicable for Air Force use.)

ITEM 13 For Navy use only. Insert the accounting number assigned to, or used by, the activity in Item 9.

ITEM 14 For Navy use only. Insert the accounting number assigned to the activity performing the official property accounting for the activity shown in item 9.

ITEM 15A Indicate whether the transfer is new construction, existing facilities, capital improvements to existing facilities, other. Additional remarks should be entered on a separate schedule if "other" is specified.

ITEM 15B Indicate whether transfer is being made at time of beneficial occupancy, physical completion, financial completion (with respect to new construction), or "other." Additional remarks should be entered on a separate schedule if "other" is specified.

ITEM 16 Enter the code number assigned to identify the project with the statutory authority appropriate for the construction.

ITEM 17 A separate item number will be assigned for each category code. Item numbers will be shown in column 17 and assigned sequentially starting with the number one.

ITEM 18-19 Enter the category code and description that appropriately describes the primary use for which the facility (building, structure, utility) is designed. Not more than one category code (Item 18) will be listed per line item (Item 17). Category codes and descriptions should be consistent with DoD Instruction 4165.3, "Department of Defense Facility Classes and Construction Categories," and enclosure 1 to DoD Instruction 4165.14, "Inventory of Military Real Property."

ITEM 20 Show number of units in terms of buildings or other structures.

ITEM 21 Enter the type of construction; use "P" for permanent, "S" for semipermanent, or "T" for temporary, as appropriate.

ITEM 22 Enter the unit of measure. Abbreviate such as "M2" for square feet, etc.

ITEM 23 Enter total quantity for measure identified in Item 22.

ITEM 24 Indicate cost for each item number, category code, and description. When a document includes some estimates, annotate each cost figure with an alphabetical suffix of "P" for preliminary or "F" for final.

ITEM 25-29 Self-explanatory.

APPENDIX C
PHASES OF MILITARY CONSTRUCTION

Congressional authorization of major construction projects typically represents the culmination of planning, programming, and budgeting efforts. A project evolves from a determination that additional facilities are needed. The need is defined, given a priority ranking, and placed in competition with other projects for available resources. The project definition effort begins at the installation level and moves through the chain of command until the project ultimately is included in the budget submittal. Attachment 1 to this appendix, "Evolution of a FY 1995 Military Construction Project," depicts the life-cycle of a military construction project and shows that the process of acquiring a military facility could take 3 to 7 years from conception to completion. The actual design phase could take 1 to 2 1/2 years, while the construction phase could take 1 to 3 years. The remaining time is for planning, programming, budgeting and procurement activities. The scope and cost of each project must be finalized before the annual budget submission to the Congress. The total construction process consists of four phases.

1. PLANNING AND PROGRAMMING

a. Planning. During planning, an installation's facility requirements are derived from the installation's mission. The need to acquire additional facilities is determined by an assessment of how existing facilities meet the installation's facility requirements. If additional facilities are needed, construction projects may be undertaken to build new facilities, or upgrade existing, substandard facilities to accommodate new missions, accept technological changes, and improve operational efficiency.

b. Programming. During programming, requirements--which are not met--are matched with anticipated resources and included in a long-range plan to acquire those facilities. Installation plans are combined into a Component-wide basis to ensure compatibility with the nation's military strategy, Component priorities and guidance, and in consideration of the DoD facilities investment goal.

c. Investment Goal. The Department and the Congress recognize that there is a minimum level of facilities investment that should be reached each year to protect the investment in existing facilities, ensure that facilities will continue to satisfy their designated purposes, and renew our installations. The physical plant must be capable of supporting operational requirements and readiness, both today and in the future. The investment goal is expressed as a percentage of plant replacement value.

d. Plant Replacement Value (PRV). See Attachment 2 to this appendix for further details.

e. Master Planning. Facility requirements are reflected in an installation master plan. This document is the installation's long-range strategy for development. It prescribes overall facility quality standards and architectural themes and addresses such areas as land use, utility systems, roads and parking.

f. Project Planning and Programming. After it is determined that a construction project is needed, a general description of the project requirement, its scope and a cost estimate are developed and, along with supporting documentation, submitted as part of the installation's military construction budget request. The project shall include associated equipment, furnishings (classified as equipment in place), and supporting facilities.

g. The cost of the above efforts normally is expensed and not capitalized.

2. BUDGETING

a. DoD Components determine which facility projects should be included in their Military construction budgets. Some facility projects may qualify for inclusion in other budgets, such as Procurement, RDT&E, or O&M or for accomplishment with nonappropriated funds.

b. The budget requests are forwarded to OSD, where all DoD Component programs are reviewed for compliance with DoD objectives and policy and refined and modified as necessary to ensure consistency and conformity. Once the program has been reviewed by the OSD, it becomes part of the budget request submitted to the OMB for transmission to the Congress as part of the President's Budget.

c. After receipt of the President's Budget, it is reviewed by oversight subcommittees of the House and Senate Appropriations Committees and the House National Security and Senate Armed Services Committees. Often, witnesses from respective DoD Components, and sometimes from the private sector, appear before the subcommittees to furnish further information on specific programs and projects.

d. Upon completion of its review, each subcommittee marks up the budget request and forwards its recommendations for approval to the full committee and then to the full chamber. Differences between the projects approved by the House and Senate are resolved in joint conferences. The Congress passes separate authorization and appropriation bills that, when signed by the President, become the approved Military Construction program.

e. The cost of the above efforts normally is expensed and not capitalized.

3. DESIGN

a. Once a Military Department has validated the requirement and priority of a military construction project and inserted it in a specific fiscal year program, a design instruction is issued to the design agent who initiates the design process.

b. Design may be accomplished by contracting with an architect-engineer firm, a design build firm, or an in-house professional staff. If the design is to be contracted, 10 U.S.C. 2855 will be followed.

c. Design is accomplished in predetermined phases to assure that user requirements are addressed properly in the design and that established standards and criteria are met. The number of phases and detail required for each phase varies with each project, depending on complexity, special interest, high visibility, time constraints and funding level.

d. Normally, the critical point is at the preliminary design stage (referred to as the 35 percent stage) since this stage provides sufficient detail to define scope, criteria, and cost estimates for consideration in the budgeting process. The content of the 35 percent design submittal is defined in the contract scope of work and will vary depending on the contract delivery strategy to be used to acquire the facility. The most typical strategy is a design based on a unique one-of-a-kind effort. However, design could also be a site-adapt, a performance specification using commercially available building systems, a design-build, etc., but each of these contracting processes determines the content of the 35 percent design submittal.

e. Design includes such actions as the development of design manuals, software programs, guide specifications and standards, standard drawings, extensive site

investigation, analysis of alternative solutions, development of building systems layout, outline specifications, cost estimates, and special studies including value engineering.

f. The final design phase is initiated after thorough review by the using activities to ensure that requirements and criteria are addressed properly in the preliminary design documents and that the project has been revalidated and still is in the budget. Upon completion of the working drawings, contract specifications, and bidding documents, the project is ready to be advertised for construction. Projects require both congressional authorization and appropriation before a construction contract can be awarded.

g. The cost of the above efforts, including administrative and overhead support costs, shall be capitalized.

4. CONSTRUCTION

a. Normally, military construction projects are awarded through a competitive bid process that consists of advertising in the "Commerce Business Daily," using sealed bid procedures and awarding a firm fixed price contract to the responsible contractor submitting the lowest acceptable bid. However, as discussed previously for the design phase, alternative contracting delivery strategies may be followed in accordance with the Federal Acquisition Regulation (FAR) and congressional direction. Regardless of the method used, all requirements for construction contacts over $250,000 must be advertised in the "Commerce Business Daily" to include details of the bidding procedures to be used.

b. Advertisement, award and administration of a construction contract require both in-house and contract efforts that include reproduction of bid documents, preparation and response to the advertisement, supervision, and administration and inspection throughout the life of the construction project, in addition to the total cost of the construction contract.

c. The cost of the above efforts shall be capitalized.

ATTACHMENT 1 TO APPENDIX C
EVOLUTION OF A FY 1995 MILITARY CONSTRUCTION PROJECT

PHASES	1990	1991	1992	1993	1994	1995	1996	1997
PLANNING, PROGRAMMING AND BUDGETING	User Identifies and Develops Project	Service Inserts Project in FYDP*	Service Completes Planning	Service Finalizes Program and Prepares Budget	OSD Submits Budget to the Congress			
LEGISLATION					Congressional Committees Hold Hearings & Enact Legislation			
DESIGN 1/			Service Selects A&E** Negotiates Contract	A&E** Performs 0-35% Design. Service Reviews and Approves	A&E** Performs 35-100% Design. Service Reviews and Approves			
CONSTRUCTION					Service Solicits Bids and Awards Contract	Construction 2/		User Occupies Facility
PHASES	1990	1991	1992	1993	1994	1995	1996	1997

* Future Years Defense Program
** Architect and/or Engineer

1/ Reserve Component facilities are to be at 65% design complete before inclusion in the DoD budget
2/ Contracts may not be awarded without congressional authorization and appropriations.

ATTACHMENT 2 TO APPENDIX C
PLANT REPLACEMENT VALUE

The Department and the Congress recognize that there is a minimum level of facilities investment that should be made each year to protect the investment in existing facilities, ensure that facilities will continue to satisfy their designated purposes, and renew our military installations. The physical plant must be capable of supporting operational requirements and readiness, both today and in the future. The plant replacement cycle is one indicator of an appropriate facility investment level. The methodology to determine the plant replacement cycle makes use of one indicator, plant replacement value which is described in this addendum.

1. PLANT REPLACEMENT VALUE (PRV)

The PRV is the cost of replacing the current physical plant with modern facilities built at today's construction costs using today's construction standards. It includes all buildings, structures, or other improvements to real property, regardless of funding source but does not include land value or leasing costs.

2. CALCULATION

a. The PRV shall be calculated by applying current construction pricing data to the total inventory of the current physical plant. This will yield the PRV.

b. The "Tri-Service Cost and Pricing Guide" should be consulted to determine current construction prices. Appropriate unit costs may not be available in the pricing guide. If this occurs, DoD Components shall use any other supportable sources available. DoD Components should use the most accurate estimates. The PRV shall not be calculated by inflating the original facility acquisition cost to the current year, unless no other reasonable method is available.

c. The PRV shall be identified for each of the following investment categories (ICs):

IC 01 Aviation Operational
IC 02 Communication Operational
IC 03 Waterfront Operational
IC 04 Other Operational
IC 05 Training
IC 06 Aviation Maintenance
IC 07 Shipyard Maintenance
IC 08 Other Maintenance and/or Production
IC 09 Research, Development, Test, and Evaluation
IC 10 Petroleum, Oil and Lubricant Supply and/or Storage
IC 11 Ammunition Supply and/or Storage
IC 12 Other Supply and/or Storage
IC 13 Medical and/or Dental
IC 14 Administration
IC 15 Troop Housing and/or Messing
IC 16 Other Personnel Support Services
IC 17 Utilities
IC 18 Real Estate and Ground Structures (less land)
IC 19 Other Facility Costs
IC 20 Family Housing

d. Facility acquisitions include all aspects to include construction, purchases, donations, and transfers in. In effect, include any transactions that increase the size of the physical plant.

e. Facility losses include demolitions, transfers out, sales, and losses because of fire or natural disaster. In effect, include any transactions that decrease the size of the physical plant.

f. The DoD Component shall maintain an audit trail of the calculations used to develop the PRV.

3. REPORTING REQUIREMENTS

PRV information is to be furnished to the Office of the Deputy Under Secretary of Defense (Installations) within 60 days after the end of each fiscal year. The following format will be used for submitting this information.

Plant Replacement Value (PRV) for FY 19____
(As of September 30, 19____) (Dollars in Millions)

INSTRUCTIONS
1. List the PRVs reported for the prior FY in column 2.
2. Calculate the prior year PRVs with current reporting year values and list in column 3a.
3. List acquisitions and losses for the current reporting FY in columns 3b and 3c.
4. The current year PRVs in column 4 (columns 3a + 3b + 3c).

1. Facility Categories (Enter totals for each category) (Use ICs & FCC cross reference list)	2. PRV Prior FY	3. Current FY Value			4. PRV Current FY
		a. PRV Prior FY	b. Acquisitions	c. Losses	
IC 01 Aviation Operational					
IC 02 Communication Operational					
IC 03 Waterfront Operational					
IC 04 Other Operational					
IC 05 Training					
IC 06 Aviation Maintenance					
IC 07 Shipyard Maintenance					
IC 08 Other Maintenance and/or Production					
IC 09 Research, Development, Test & Evaluation					
IC 10 Petroleum, Oil, & Lubricant Supply and/or Storage					
IC 11 Ammunition Supply and/or Storage					
IC 12 Other Supply and/or Storage					
IC 13 Medical and/or Dental					
IC 14 Administrative					
IC 15 Troop Housing/Messing					
IC 16 Other Personnel Support Services					
IC 17 Utilities					
IC 18 Real Estate & Ground Structure (less land)					
IC 19 Other Facility Costs					
IC 20 Family Housing					
Total					

INVESTMENT CATEGORIES (ICs) AND THREE-DIGIT FACILITY CATEGORY CODE (FCC) CROSS REFERENCE LIST

Operations (all FCCs in the 100s except 171 and 179)

IC 01 - Aviation Operational Facilities

- 111 Airfield Pavements - Runways
- 112 Airfield Pavements - Taxiways
- 113 Airfield Pavements - Aprons
- 116 Airfield Pavements - Other
- 121 Airfield Fuel Dispensing
- 133 Navigation and Traffic Aids - Buildings
- 134 Navigation and Traffic Aids - Other than Buildings
- 136 Airfield Pavement Lighting
- 141 Operational - Buildings
- 149 Operational Facilities Other than Buildings

IC 02 - Communication Operational Facilities

- 131 Communications - Buildings
- 132 Communications - Other than Buildings
- 135 Communications - Lines

IC 03 - Waterfront Operational Facilities

- 122 Marine Fuel Dispensing
- 151 Piers
- 152 Wharfs
- 153 Cargo Handling or Staging Areas
- 154 Sea Walls, Bulkheads, and Quay Walls
- 155 Small Craft Berthing
- 156 Cargo Handling Facilities and/or Buildings
- 159 Other Waterfront Operational
- 161 Harbor Protection Facilities

162 Coastal Protection Facilities

163 Moorings

164 Marine Improvements

165 Dredging

169 Other Harbor and Coastal

IC 04 - Other Operational Facilities

123 Land Vehicle Fuel Dispensing

124 Operational Fuel Storage

125 Petroleum, Oil, and Lubricant (POL) Pipeline

126 Liquid Fuel and Dispensing - Other

137 Ship Navigation and Traffic Aids - Buildings

138 Ship Navigation and Traffic Aids - Other than Buildings

142 Operational - Helium Plants and Storage

143 Ship and Other Operational - Buildings

148 Ship and Other Operational - Other than Buildings

Training (FCCs 171 and 179)

IC 05 - Training Facilities

171 Training Buildings

179 Training Facilities - Other than Buildings

Maintenance and Production (all FCCs in the 200s)

IC 06 - Aviation Maintenance Facilities

211 Maintenance - Aircraft

221 Production - Aircraft

IC 07 - Shipyard Maintenance Facilities

213 Maintenance - Ships and Spares

223 Production - Ships and Spares

IC 08 - Other Maintenance and or Production Facilities

212 Maintenance - Guided Missiles

214 Maintenance - Tank and Automotive

215 Maintenance - Weapons and Spares

216 Maintenance - Ammunition, Explosives, and Toxic

217 Maintenance - Electronics and Communications Equipment

218 Maintenance - Facilities for Miscellaneous

219 Maintenance - Installation, Repair, and Operation

222 Production - Guided Missiles

224 Production - Tank and Automotive

225 Production - Weapons and Spares

226 Production - Ammunition, Explosives, and Toxic

227 Production - Electronics and Communications Equipment

228 Production - Facilities for Miscellaneous

229 Production - Installation, Maintenance, Repair, and Operations

Research, Development, Test and Evaluation (RDT&E) (all FCCs in the 300s)

IC 09 - RDT&E Facilities

310 Science Labs

311 Aircraft

312 Missile and Space

313 Ship and Marine Equipment

314 Tank and Automotive

315 Weapons and Weapon Systems

316 Ammunition, Explosives, and Toxic

317 Electronic, Communications, and Electrical Equipment

318 Propulsion

319 Miscellaneous Items and Equipment

320 Underwater Equipment

321 Technical Services

371 Range Facilities

390 Other than Buildings

Supply (all FCCs in the 400s)

IC 10 - POL Supply and or Storage Facilities

411 Liquid Fuel Storage - Bulk

412 Liquid Storage Other than Water, Fuel, and Propellants

IC 11 - Ammunition Supply and or Storage Facilities

421 Ammunition Storage - Depot and Arsenal

422 Ammunition Storage - Installation and Ready Issue

423 Ammunition Storage - Liquid Propellant

424 Weapon-Related Battery Storage

425 Open Ammunition Storage Pad (Other)

IC 12 - Other Supply and or Storage Facilities

431 Cold Storage - Depot and In-Transit

432 Cold Storage - Installation and Ready Issue

441 Storage - Covered - Depot and Arsenal

442 Storage - Covered - Installation and Organizational

451 Storage - Open - Depot

452 Storage - Open - Installation and Organizational

Hospital and Medical (all FCCs in the 500s)

IC 13 - Medical and or Dental Facilities

510 Medical Center and or Hospital

530 Laboratories

540 Dental Clinics

550 Dispensaries and/or Clinics

Administrative (all FCCs in the 600s)

IC 14 - Administrative Facilities

610 Administrative Buildings

620 Administrative Structures - Underground

690 Administrative Structures - Other than Buildings

Troop Housing and or Messing (all FCCs 721 through 725)

IC 15 - Troop Housing and or Messing Facilities

721 UPH - Enlisted Personnel

722 UPH - Mess Facilities

723 UPH - Detached Facilities

724 UPH - Officers Quarters

725 UPH - Emergency

Community (all FCCs 730 through 760)

IC 16 - Other Personnel Support Services Facilities

730 Personnel Support and Service

740 Morale, Welfare, and Recreational (MWR) - Interior

750 Morale, Welfare, and Recreational (MWR) - Exterior

760 Museums and Memorials

Utilities (all FCCs in the 800s except 851, 852, 860, 871, and 872)

IC 17 - Utilities Facilities

811 Electrical Power - Source

812 Electrical Power - Transmission and Distribution Lines

813 Electrical Power - Substations and Switching Stations

821 Heat - Source

822 Heat - Transmission and Distribution Lines

823 Heat and Gas - Source

824 Heat and Gas - Transmission

826 Refrigeration (Air Conditioning) - Source

827 Chilled Water (Air Conditioning) - Transmission and Distribution

831 Sewage and Industrial Waste - Treatment and Disposal

832 Sewage and Industrial Waste - Collection

833 Refuse and Garbage

841 Water - Supply, Treatment, and Storage - Potable

842 Water - Distribution System - Potable

843 Water - Fire Protection

844 Water - Supply and Storage - Nonpotable

845 Water - Distribution System - Nonpotable

880 Fire and Other Alarm Systems

890 Miscellaneous Utilities

Real Estate and/or Roads and/or Grounds (other than land) (all FCCs in the 900s plus 851, 852, 860, 871, and 872)

IC 18 - Real Estate and Ground Structures (less land)

851 Roads

852 Sidewalks and Other Pavement

860 Railroad Tracks

871 Grounds Drainage

872 Ground Fencing, Gates, and Guard Towers

912 Public Domain Withdrawal

923 Foreign Rights

931 Buildings

932 Site Improvement

933 Demolition

939 Other

Other

IC 19 - Other Facility Costs

Family Housing (FCCs 711 through 714)

IC 20 - Family Housing Facilities

711 Family Housing - Dwellings

712 Family Housing - Trailers

713 Family Housing - Trailer Sites

714 Family Housing - Detached Facilities

CHAPTER 18

PUBLIC ENTERPRISE AND TRUST FUNDS

1801 GENERAL

This chapter identifies the policies and procedures to guide budget execution for public enterprise and trust funds.

1802 BACKGROUND

180201. This guidance is applicable to the following Funds:

Public Enterprise Funds
National Defense Stockpile Transaction Fund
Army Conventional Ammunition Working Capital Fund
Pentagon Reservation Maintenance Revolving Fund (PRMRF)
National Defense Sealift Fund
Buildings Maintenance Fund (BMF)

Trust Funds
National Security Education Trust Fund
Department of the Navy Trust Revolving Funds *
Department of the Air Force Trust Revolving Funds *
Surcharge Collections, Sales of Commissary Stores, Defense

* Exempt from apportionment

180202. Appropriations usually are provided to start, increase the size, or replace significant losses of a public enterprise or trust fund. Also, existing resources in other accounts may be transferred to a revolving fund as capitalized assets to serve these same purposes in lieu of an appropriation. The resources used to commence or increase the size of a revolving fund are commonly referred to as "the corpus of the public enterprise or trust fund." The corpus forms the nucleus of resources used to acquire the items needed to perform the mission of the public enterprise or trust fund.

180203. Revenues are generated in DoD public enterprise or trust funds from customers buying goods or services. The funds collected from customers are used to pay for the acquisition of resources needed to operate the public enterprise or trust fund. In public enterprise or trust funds that are apportioned by the OMB, the ability to incur obligations is limited to the amount of authority approved for obligation during the budget review as amended by unanticipated events during execution. A DD Form 1105, "Apportionment and Reapportionment Schedule," is required to be submitted to the OMB for approval of the amount of obligation authority needed for the operation of the public enterprise or trust fund for a fiscal period, usually a full fiscal year.

Budgetary resources available for apportionment action include:

A. New budget authority (appropriations).

B. Available unobligated balances at the beginning of the fiscal period.

C. Reimbursements and other income (also known as offsetting collections credited to the appropriation or fund account).

D. Recoveries of prior year obligations.

E. Restorations.

F. Anticipated contract authority.

180204. The apportionment of anticipated reimbursements as obligational authority in no way authorizes a public enterprise or trust fund to obligate in excess of the orders received from within the Federal Government and advances received for orders outside the Federal Government. Orders from state, local, and foreign governments are considered to be orders from the public.

180205. Other assets, whether of a working capital nature such as inventories of stock or of a fixed asset nature, are not considered as a budgetary resource. Such assets, therefore, do not enter into the determination of unobligated balances. However, claims against budgetary resources, such as accounts payable and undelivered orders, are obligations of a public enterprise or trust fund and must be subtracted from unobligated balances when incurred. Obligations for the procurement of inventories, as well as for the acquisition of other public enterprise or trust fund assets, must be recognized, recorded, and reported along with other obligations.

180206. The amount of contract authority apportioned or the available balance of contract authority may be less than the total budgetary resources available in a working capital fund. The difference, which cannot be obligated unless it is apportioned, may be characterized either as an unapportioned balance of a public enterprise or trust fund or a restrictive withholding. The concept of an unapportioned balance is one of preserving a portion of the fund's capital so it may continue to revolve or represents those resources not scheduled for obligation within a fiscal year.

180207. The incurring of obligations or authorizing the incurrence of obligations in excess of apportioned budgetary resources must be reported as an apparent violation of the Antideficiency Act, as required by DoD Directive 7200.1. This reporting requirement applies whether or not a public enterprise or trust fund has unapportioned budgetary resources or nonbudgetary assets greater than the amount of the deficiency.

1803 EXECUTION REQUIREMENTS

180301. Apportionment - A DD Form 1105 (Apportionment and Reapportionment Schedule) is to be prepared by the managing DoD Component and submitted to the ODC(P/B)

Directorate for Revolving Funds or Directorate for Investment for the National Defense Stockpile Transaction Fund; the William Langer Jewel Bearing Plant Revolving Fund; the National Defense Sealift Fund (Investment); the Emergency Response Fund; the Surcharge Collections, Sales of Commissary Stores, Defense account; the Army Conventional Ammunition Working Capital Fund; the Pentagon Reservation Maintenance Revolving Fund; the Buildings Maintenance Funds; and any other Public Enterprise or Management Fund to which the Congress appropriates funds. The DD Form 1105 will be reviewed and submitted by the OUSD(C) to the OMB for approval.

180302. Annual Operating Budget - The ODC(P/B) Directorate for Revolving Funds or Directorate for Investment will issue funding documents to the applicable DoD Component granting authority to incur cost or obligate funds for the National Defense Stockpile Transaction Fund; the William Langer Jewel Bearing Plant Revolving Fund; the National Defense Sealift Fund (Investment); the Emergency Response Fund; the Surcharge Collections, Sales of Commissary Stores, Defense account; the Army Conventional Ammunition Working Capital Fund; the Buildings Maintenance Fund; and the Pentagon Reservation Maintenance Revolving Fund. Each operating budget provides an obligation limitation (subject to 31 U.S.C. 1517a) which, if exceeded, is a statutory violation. Each Component is responsible for taking actions that maintain a positive cash balance in order to remain solvent and enable operations (disbursements) to continue. It is a statutory violation for a Component's cash to go below zero at any time. A sample of a funding document is on the next page.

180303. Adjusting Component Resources Based on budget execution experience, Components periodically request the ODC(P/B) Directorate for Revolving Funds or Investment to adjust their obligation limitations. Unless the Congress has provided a specific limitation or other direction that would preclude making a requested adjustment, a Component's request will be evaluated on the merit of the justification provided. If approved by ODC(P/B), a revised apportionment will be requested from OMB and, if approved by OMB, the Component-requested revision will be reflected as a revised limitation of the applicable operating budget.

180304. Execution Review The ODC(P/B) Directorate for Revolving Funds or Investment receives a monthly DD Form 1176 Report (Report on Budget Execution) for each account (see Chapter 4, Volume 6 of this Regulation). In addition, revenue and expense statements, similar to the statement of operations for working capital funds (see Chapter 70, Volume 11B of this Regulation), are received for the PRMRF and BMF accounts. Each account is reviewed to determine actual results of operation in comparison with plans provided by the Components by month for obligations, disbursements, and collections, as well as revenue, expense, and net operating results for those using income statements, and for civilian full-time equivalents (FTEs) or military strength for those whose budgets include personnel support. When there are significant deviations from plan in actual execution, the ODC(P/B) analyst and the Component mutually determine the management actions that may be required to bring execution back into line with the plan, or the need for and justification to revise plans consistent with current and more realistic financial expectations.

(NAME OF FUND AND APPROPRIATION CODE)

(FISCAL YEAR) RESOURCE AUTHORITY

ACTIVITY	LIMITATIONS		
	Previously Approved	This Adjustment	Revised Approved
FY 19CY Program			
Cost of Goods/Services Produced	$	$	$
Obligations	$	$	$
Appropriation	$	$	$
Capital Purchase	$	$	$

LIMITATION: Although the Cost of Goods/Services Produced shown in the Revised Approved column does not represent a limitation subject to the provision of the Antideficiency Act (31 U.S.C. 1517), costs are not to be incurred in excess of the Revised Approved amounts shown without the specific prior approval of the Director for Revolving Funds, Office of the Deputy Comptroller (Program/Budget).

The Revised Approved column for Obligations, Appropriation, and Capital Purchase authority do represent limitations subject to the provision of the Antideficiency Act (31 U.S.C. 1517).

AUTHORITY: Resource Authority provided is no greater than the OMB-apportioned budgetary resources, if applicable, or is equal to current estimated requirements based on known workload and is within the scope and intent of the program approved by the Congress.

DESCRIPTION OF SUPPORT: (A general description of goods or services provided for which obligation authority is required.)

Authorization No. ACCOUNT (FY)-1	Date	Approved

CHAPTER 19

WORKING CAPITAL FUNDS

1901 GENERAL

This chapter provides the policies and procedures to guide budget execution for working capital funds.

1902 BACKGROUND

190201. This guidance is applicable to working capital funds.

190202. Appropriations usually are provided to start, increase the size, or replace significant losses of a public enterprise or working capital fund. Also, existing resources in other accounts may be transferred to a working capital fund as capitalized assets to serve these same purposes in lieu of an appropriation. The resources used to commence or increase the size of a working capital fund are commonly referred to as "the corpus of the revolving fund." The corpus forms the nucleus of resources used to acquire the items needed to perform the mission of the working capital fund.

190203. Revenues are generated in DoD revolving funds from customers buying goods or services. The funds collected from customers are used to pay for the acquisition of resources needed to operate the working capital fund. In working capital funds that are apportioned by the OMB, the ability to incur obligations is limited to the amount of authority approved for obligation during the budget review as amended by unanticipated events during execution. A DD Form 1105, "Apportionment and Reapportionment Schedule," is required to be submitted to the OMB for approval of the amount of obligation authority needed for the operation of the working capital fund for a fiscal period, usually a full fiscal year.

Budgetary resources available for apportionment action include:

A. New budget authority (appropriations).

B. Available unobligated balances at the beginning of the fiscal period.

C. Reimbursements and other income (also known as offsetting collections credited to the appropriation or fund account).

D. Recoveries of prior year obligations.

E. Restorations.

F. Anticipated contract authority.

190204. The apportionment of anticipated reimbursements as obligational authority in no way authorizes a working capital fund to obligate in excess of the orders received from within the Federal Government and advances received for orders outside the Federal Government. Orders from state, local, and foreign governments are considered to be orders from the public.

190205. Other assets, whether of a working capital nature such as inventories of stock or of a fixed asset nature, are not considered as a budgetary resource. Such assets, therefore, do not enter into the determination of unobligated balances. However, claims against budgetary resources, such as accounts payable and undelivered orders, are obligations of a working capital fund and must be subtracted from unobligated balances when incurred. Obligations for the procurement of inventories, as well as for the acquisition of other working capital fund assets, must be recognized, recorded, and reported along with other obligations.

190206. The amount of contract authority apportioned or the available balance of contract authority may be less than the total budgetary resources available in a working capital fund. The difference, which cannot be obligated unless it is apportioned, may be characterized as either an unapportioned balance of a revolving fund or a restrictive withholding. The concept of an unapportioned balance is one of preserving a portion of the fund's capital so it may continue to revolve or represents those resources not scheduled for obligation within a fiscal year.

190207. The incurring of obligations or authorizing the incurrence of obligations in excess of apportioned budgetary resources must be reported as an apparent violation of the Antideficiency Act, as required by DoD Directive 7200.1. This reporting requirement applies whether or not a working capital fund has unapportioned budgetary resources or nonbudgetary assets greater than the amount of the deficiency.

1903 EXECUTION REQUIREMENTS

190301. Apportionment The OMB apportions to the USD(C) the Working Capital Funds appropriation and contract authority for the current fiscal year by means of a DD Form 1105 as shown later in the chapter. The DD Form 1105 is prepared by the Revolving Funds Directorate, reviewed by the Deputy Comptroller (Program/Budget), and submitted to the OMB for approval. Contract authority on the DD Form 1105, authority to obligate funds in anticipation of receipt of customer orders, is provided for Supply-type business area operations (Supply Management, Distribution Depots, the Defense Reutilization and Marketing Service, Navy Logistics Support, and DeCA Resale Operations), and the capital purchase authority of all business areas.

The initial apportionment of contract authority for a year normally is based on the operating and capital budget (obligation) estimates for each Supply-type business area and the Working Capital Funds appropriation request reflected in the budget year column of last year's President's budget (the Program and Financing statement). Contract authority is also requested and provided for Supply-type business area commitments based on the level of actual commitments incurred as reflected in current year accounting reports. Requested adjustments to the initial apportionment

are provided to OMB in February/March reflecting revised estimates in the current year column of the President's budget submission just provided to Congress, and at subsequent times during the year reflecting significant changes that are anticipated to occur as a result of budget execution experience.

The Defense Finance and Accounting Service receives a document from the Revolving Funds Directorate that notes 1105-approved resources and customer orders by business area reflected in the relevant President's budget, entitled "Working Capital Funds 1176 Controls" (shown later in this chapter). It is used to establish the level of anticipated resources on lines 1.D. (contract authority available) and 3.C. (anticipated orders for the rest of the year) of the DD Form 1176 and therein are part of the equation in determining budgetary resource totals.

190302. Annual Operating Budget . The Revolving Funds Directorate issues initial Annual Operating Budgets (AOBs) for each Components' Working Capital Funds business area prior to the beginning of the fiscal year. A sample is shown later in this chapter. The AOB identifies an operating budget, net operating result, and unit cost(s) targets and capital budget limitation (subject to 31 U.S.C. 1517) for each business area.

Cash is centrally managed by the Army, Navy, Air Force, USTRANSCOM, and DLA for the Defense Agencies. Each is responsible for taking actions that enable their Component to maintain a positive balance in order to remain solvent and allow operations (disbursements) to continue. It is a violation of the Antideficiency Act if a Component's cash goes below zero at any time. Components shall maintain a positive budgetary resource balance, i.e., obligations do not exceed resources comprised of any appropriation, unobligated balances carried forward from a previous period, current or prior year transfers of balances from other accounts, current year unobligated balances, and recoveries from the de-obligation of prior year obligations. Additionally, the level of OMB-apportioned contract authority may be delineated specifically on applicable AOBs that provide authority for which budgetary resources are not required.

190303. Budgetary Resources Obligations or accrued expenses should not be authorized or incurred in a working capital fund business area unless available resources, or the "bank balance" as reflected in line 8.D. of the DD Form 1176 or the sum of lines 9.A.1., 9.B., and 9.C. of the SF 133 exceed the proposed obligation or accrued expense. Obligating funds or incurring an accrued expense that results in the business area account being "overdrawn" can result in a violation of the Antideficiency Act for the account manager. Such violations are reportable to the President and the Congress, and can involve criminal prosecution for the responsible person or people as well.

Calculating budgetary resources, which must remain positive at all times, is as follows:

DD Form 1176 Report Lines

Add: Line 6 - Total Budgetary Resources
Less: Line 1D - Anticipated Resources
Less: Line 2C - Anticipated Transfers of Prior Year Balances

Less: Line 3C - Anticipated Orders for the rest of the Year
Less: Line 7 - Obligations Incurred
Less: Line 9 - Unobligated Balances not Available
Less: Line 8A - Commitments Outstanding
Equals: **Line 8D - Budgetary Resources Available for Obligations**

SF133 Report Lines

Add: Line 7 - Total Budgetary Resources
Less: Anticipated Borrowing Authority in Line 1B
Less: Anticipated Contract Authority in Line 1C
Less: Line 1E - Other (Anticipated) Budget Authority
Less: Line 2C - Anticipated Transfers of Prior Year Balances
Less: Line 3C - Anticipated Spending Authority
Less: Line 3D - Anticipated Transfers from Trust Funds
Less: Line 4B - Anticipated Recovery of Prior Year Obligations
Less: Line 8 - Obligations Incurred
Less: Line 9A2 - Anticipated Unobligated Apportionment
Less: Line 10 - Unobligated Balances not Available
Equals: **Line 9A1 - Available Unobligated Apportionment**
Plus: Line 9B - Balance Exempt from Apportionment
Plus: Line 9C - Other Available Unobligated Balances

190304. Adjusting Component Resources Based on budget execution experience, Components periodically request the Revolving Funds Directorate to adjust their targets and/or capital budget limitation. Unless the Congress has provided a capital purchase limitation or other direction that would preclude making a requested adjustment, a Component's request will be evaluated and approved or disapproved and reflected in a revised AOB based on the merit of the justification provided.

190305. Execution Review The Revolving Funds Directorate receives from DFAS a monthly DD Form 1176 (Report on Budget Execution) and AR(M)1307 Report (Working Capital Funds Accounting Report). See, respectively, Chapter 4, Volume 6, and Chapter 70, Volume 11B, of this Regulation. In some cases, a unit cost report also is delivered from a Component. Each is reviewed by the Revolving Funds Directorate to determine actual results of operation in comparison with plans by month for disbursements, collections, revenue, expense, net operating results, and unit costs. Typically in February, May, and August, each Component's results of operation (through the latest available accounting period) are formally reviewed by the Principal Deputy Under Secretary of Defense (Comptroller), Deputy Comptroller (Program/Budget), and Director for Revolving Funds to determine the financial operations that are proceeding according to plan and, when there are significant deviations from plan in actual execution, to determine the management actions that may be required to bring execution back into line with the plan or revise plans consistent with current and more realistic financial expectations.

APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

FISCAL YEAR 1996

AGENCY: **DEPARTMENT OF DEFENSE**
APPROPRIATION TITLE AND SYMBOL: Working Capital Funds 97 X 4930
APPROPRIATION SERIAL NO.: COMPONENT NO. 5 OSD NO. 5
COMPONENT

DESCRIPTION a	AMOUNT ON LATEST DD FORM 1105 b	SUBMITTED BY COMPONENT c	REQUESTED BY SECDEF d	ACTION BY OMB e
BUDGETARY RESOURCES				
BUDGET AUTHORITY				
1A APPROPRIATIONS REALIZED	878,700,000	878,700,000	878,700,000	
1B OTHER NEW AUTHORITY REALIZED ( )		4,100,218,794	4,100,218,794	
1C NET TRANSFER OF CY AUTH REALIZED				
1D ANTICIPATED	43,631,490,000	30,721,876,469	30,721,876,469	
1 TOTAL BUDGET AUTHORITY	**44,510,190,000**	**35,700,795,263**	**35,700,795,263**	
UNOBLIGATED BALANCE				
2A BROUGHT FORWARD OCTOBER 1				
2B NET TRANSFERS OF PY BALANCES				
2C ANTICIPATED TRANSFERS OF PY BALANCES				
2 TOTAL UNOBLIGATED BALANCE				
REIMBURSEMENTS AND OTHER INCOME				
3A EARNED		9,338,251,428	9,338,251,428	
3B CHANGE IN UNFILLED CUSTOMER ORDERS		(299,181,890)	(299,181,890)	
3C ANTICIPATED ORDERS FOR REST OF YEAR				
3 TOTAL REIMBURSEMENTS AND OTHER INCOME		**9,039,069,538**	**9,039,069,538**	
RECOVERIES OF PRIOR OBLIGATIONS				
4A ACTUAL RECOVERIES		160,160	160,160	
4B ANTICIPATED RECOVERIES REST OF YEAR		38,474,039	38,474,039	
4 TOTAL RECOVERIES OF PRIOR OBLIGATIONS		**38,634,199**	**38,634,199**	
5A PORTION NOT AVAILABLE TO P.L._____(.)				
5B ( )				
5 TOTAL				
6 RESTORATIONS				
7 TOTAL BUDGETARY RESOURCES	**44,510,190,000**	**44,778,499,000**	**44,778,499,000**	**44,778,499,000**
APPLICATION OF BUDGETARY RESOURCES				
APPORTIONMENTS MEMORANDUM				
OBLIGATIONS INCURRED				
$9,316,831,243				
8A _____				
8B _____				
8C _____				
8D _____				
8E _____				
8F _____				
8 TOTAL APPORTIONMENTS	**44,510,190,000**	**44,778,499,000**	**44,778,499,000**	**44,778,499,000**
WITHHOLDINGS				
9A DEFERRED				
9B WITHHELD PENDING RESCISSION				
9 TOTAL WITHHOLDING				
10 UNAPPORTIONED BAL OF REVOLVING FUNDS				
11 TOTAL BUDGETARY RESOURCES	**44,510,190,000**	**44,778,499,000**	**44,778,499,000**	**44,778,499,000**

a/ In addition to amounts apportioned herein, recoveries of prior year obligations are automatically apportioned.
b/ Amounts apportioned herein are applicable to Working Capital Funds Supply Management, Distribution Depots, Reutilization and Marketing Services, Commissary Resale Stocks, and Logistics Support Activities business area operating expenses, appropriations, and the entire Working Capital Funds capital investment budget.
c/ Pursuant to 10 U.S.C. 2210(b), obligations and commitments may be incurred in excess of apportioned resources actually realized in the amount of contract authority approved, but not in excess of the total apportioned. The actual unfunded balance of contract authority of $9,529,049,107 on October 1, 1995 is increased by $30,721,876,469 provided that this amount is automatically reduced to the extent that orders are received.

SUBMITTED TO OSD (Col c)	
SIGNATURE (Authorized Officer - DoD Component) OSD (Director for Revolving Funds)	
REQUESTED OF OMB (Col d)	APPORTIONED
SIGNATURE (Authorized Officer - OSD) Deputy Comptroller (Program/Budget)	SIGNATURE(OMB) Dep. Assoc Dir. for Nat. Security DATE

FY 1996 Working Capital Funds 1176 Controls, per Apportionment 96-5, dated March 25, 1996
($000)

	Oper Obs	Cap Obs	Commitments	CA	New Cust Orders
ARMY					
Supply Management	6,585,300	15,523	800,000	7,400,823	-
Depot Maintenance Other	-	53,158	-	53,158	1,467,400
Depot Maintenance Ord	-	21,762	-	21,762	494,800
Info Services	-	-	-	-	173,800
NAVY					
Supply Management	5,272,179	18,021	400,000	5,690,200	-
Logistics Support Act	100,048	20,152	-	120,200	-
Depot Maintenance Shipyards	-	43,336	-	43,336	2,714,200
Depot Maintenance Aviation	-	31,851	-	31,851	1,770,500
Depot Maintenance Ordnance	-	13,631	-	13,631	631,700
Depot Maintenance Other	-	4,160	-	4,160	150,000
Base Support	-	13,768	-	13,768	1,923,900
Transportation	-	5,950	-	5,950	1,252,800
RDT&E	-	105,945	-	105,945	6,877,600
Printing	-	8,400	-	8,400	393,700
Info Services	-	561	-	561	218,100
AIR FORCE					
Supply Management	9,228,494	8,311	300,000	9,536,805	-
Depot Maintenance	-	51,900	-	51,900	4,138,100
Info. Services	-	-	-	-	252,900
DLA					
Supply Management	10,327,900	51,600	2,800,000	13,179,500-	
Distribution Depots	1,329,200	70,100	-	1,388,300	-
DRMS	402,800	22,500	-	425,300	-
DIPEC	-	1,100	-	1,100	12,200
Info Services	-	3,000	-	3,000	130,800
DFAS					
Financial Services	-	233,844	-	233,844	1,597,500
Info Services	-	23,056	-	23,056	190,100
DISA					
CISA	-	41,100	-	41,100	1,619,400
DISO	-	109,600	-	109,600	674,300
DeCA					
Operations	-	-	-	-	-
Resale	5,000,000	-	-	5,000,000	-
JLSC	-	205,249	-	205,249	-
USTRANSCOM	-	176,300	-	176,300	4,012,200
	38,245,921	1,353,878	4,300,000		43,899,799

WORKING CAPITAL FUNDS

AIR FORCE DEPOT MAINTENANCE
FISCAL YEAR 1996 COST AUTHORITY

BUSINESS AREA Output Measure	OPERATING BUDGET Unit Cost ($)	Number of Units (000)	Total Cost Approved (In Millions)
OPERATING BUDGET			
ORGANIC Maintenance Cost Per Direct Labor Hour	$111.00	29,657	$3,291.9
CONTRACT Maintenance			$1,187.5
Direct Reimbursables/Other:	N/A	N/A	$0.0
Total Operating Cost: 2/ 3/			$4,479.4
CAPITAL OBLIGATION AUTHORITY: 4/			
FY 1992 (AFMC)			$ .4
FY 1993 (AMC)			$ .065
FY 1995 (AFMC)			$ 1.63
FY 1996 (AFMC)			$ 40.3
NET OPERATING RESULT: (NOR GOAL) 5/			$ -93.9

Authorization Number: AFDM-96-2	**Date:**	**Approved:**

LIMITATIONS AND GUIDANCE:

1. This AOB revision reflects estimates contained in the FY 1996 column of the FY 1997 President's budget and $.4 million in additional FY 1992 capital purchase authority as noted in a February 28, 1996 memo from the Director for Revolving Funds, subject: Request for $3.2 Million Depot Maintenance Business Area FY 1996 Capital Funds. This AOB revision also includes $65,000 in additional FY 1993 capital purchase authority for the Air Mobility Command to finance an Intrusion Detection System that the Air Force Audit Agency determined should have been a capital rather than operating budget requirement.

2. Operating costs are not to be incurred beyond the total approved amount shown for the Operating Budget without the specific prior approval of this office.

3. Major Maintenance and Repair. The FY 1996 obligations for major maintenance and repair will be treated as a direct expense within the operating budget authority.

4. The amount listed in the Total Cost Column for the Capital Obligation Authority represents a limitation subject to the provision of 31 U.S.C. 1517, the Antideficiency Act. Obligations are not to be incurred beyond the total approved amount shown for each year for the Capital Budget (as modified by reprogramming per authority provided in Chapter 9, Volume 2B, of this Regulation) without the specific prior approval of the ODC(P/B). No other funds are available for Capital Obligations except as provided in this document.

5. NOR: The NOR provides the overall net operating results expected to be achieved in the Business by the end of the year. The NOR provides a primary financial management goal and will be used in conjunction with other performance measures to assess the overall operational effectiveness of the business area, as identified and reported monthly on the AR 1307 Report. For each business area, the Component is responsible for preparing a monthly Revenue and Cost Plan. Joint execution reviews of this plan will be conducted by ODC(P/B) and the cognizant Component in May and August 1996.

6. CASH MANAGEMENT: The January 5, 1995, USD(C) memorandum, subject : Working Capital Funds Cash Management Responsibility, assigned the Services and DLA the responsibility for Working Capital Funds cash management for designated business areas effective February 1, 1995. This cash management responsibility for the Air Force entails taking action to maintain a positive cash balance for Air Force business areas, in total, at all times. Failure to maintain a positive balance will result in a statutory violation of 31 U.S.C. 1517 by the Component. The Component may require DFAS to vary its billing cycle or advance bill, when it is deemed necessary to do so, in order to maintain cash solvency. The magnitude, duration, and reason for advance billing by business area must be reported by the initiating Component to the Director for Revolving Funds within 15 calendar days of the end of the month in which the advance billing took place. The Component remains responsible for compliance with monthly execution of collections and disbursements in accordance with the monthly approved plan.

7. UNIT COST: The total cost for those outputs identified by a unit cost is predicated on a projected level of work load. Components may request increases in Cost Authority based on an increase in the number or value of orders accepted. Conversely, if actual work load declines below levels anticipated, appropriate reductions will be made to the total costs shown in this document.

8. PERFORMANCE GOALS: Descriptions of performance effectiveness measures are contained in the Working Capital Funds Milestone II report submitted to Congress on March 1, 1993.

Measure	Goal
Schedule Conformance	TBD
Quality Deficiency Reports (QDRs)	TBD
Net Operating Results	$-93.9M

9. OTHER:

a. No cost may be incurred to fund Base Realignment and Closure Program expenses.

b. Included in the total operating cost authority in this document is $105.8 million in anticipated depreciation costs, based on current estimates of actual depreciation expenses.

c. By DoD policy, FY 1996 working capital fund costs for civilian separation incentives are to be financed by working capital funds.

d. This document reflects capital program threshold of $100,000.

e. The procedures for the release of JLSC-related hardware capital authority are as follows: JLSC will identify the hardware required, the dollar value of the hardware, the site where the hardware will be installed, and the required installation date to the USD(C). DISA and the Component Comptroller will be notified and requested to verify the requirement. Subsequent to the DISA/Component Comptroller verification of the requirement, the capital authority will be released in an update to the AOB. $11.6 million for DMSS is withheld pending the above-noted verification of requirement.

CAPITAL BUDGET PROGRAM

The Capital Budget is to be executed based on the approved annual programs contained in the President's budget as modified by approved budget decisions. Deviations from the President's budget, that are consistent with approved reprogramming criteria, must be identified to the ODC(P/B) Director for Revolving Funds during the scheduled execution review. Listed below is the approved project list for capital budget obligations.

Capital Project Within Scope Obligation Adjustments

Capital obligation adjustments must be charged to the program year cited for the original project. Capital obligation authority can be provided for any program year for within-scope increases if the following conditions are met; (1) the original program year must have sufficient unobligated budget authority (original program plus program adjustments less actual obligations) to accommodate the adjustment, and (2) the total obligations, including both new obligations and all adjustments, cannot exceed the total obligation authority for all program years issued on the AOB. If these conditions are met, this AOB automatically provides the authority to obligate prior year program funds for within scope capital adjustments of less than $100,000. Since the adjustments must cite the original program year, the obligation authority for a currently issued program year must be reduced to offset the adjustments if sufficient funding for the original program year is not available on the AOB. The offset must be sufficient to limit total capital obligations during the fiscal year to the total obligation authority issued on the AOB. Subsequent AOBs may restore this authority by issuing the prior year program funds if appropriate.

Program Year FY 1992 - AFMC	
Program Year Total	.4
Program Year FY 1993 - Air Mobility Command	
Program Year Total	
AMC - Intrusion Detection System	.065
Program Year FY 1995 - AFMC	
Equipment - ADPE & TELCOM	
SAALC: TIMA ($13,147) & LIMS ($326,354)	
WRALC: FEM ($895,173)	
SMALC: LIMS ($142,820) & TIMA ($49,889)	
OCALC: TIMA ($$23,927)	
OOALC: LIMS (($145,066)	
AMARC: TIMA ($31,270)	
Program Year Total	1.63
Program Year FY 1996 - AFMC	
Equipment - Except ADPE & TELCOM	
> $.5 M	
Automated Test Stand, Medium Press (2) Replacement)	5.7
Advanced Fuel Accessories test System (Replacement)	.6
Deep Draw Stretch Press, 250 Ton (1) (Replacement)	1.3
Centralized Aircraft Support System (1) (Replacement)	3.1
Auto Shot Peening System (1) (Productivity)	.7
GCATS (3) (Replacement)	5.7
Servo Component Test Stand (1) (Replacement)	.8
VXIATS & MDA (1) (Replacement)	1.2
Servo Valve Hydraulic Test System (2) (Productivity)	.8
5-Axis CNC Machining Center (1) (Productivity)	1.9
Subtotal	21.8
</= $.5M	11.5
Subtotal	11.5
Equipment - ADPE & TELCOM	
DMBA Budget & Price Dev. System	1.6
Subtotal	1.6
Minor Construction	5.4
Program Year Total	40.3
Grand Total	(AFMC) 42.33 (AMC) .065