

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

SUMMARY OF MAJOR CHANGES

All changes are denoted by **blue font**.

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

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

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

The previous version dated November 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
110102	Added a new <i>Authoritative Guidance</i> paragraph.	Addition
1102	Added an explanatory paragraph to this section and reformatted the definitions to the subparagraph level.	Revision
110701	Modified the paragraph to improve clarity.	Revision
All	Verified all references and updated where appropriate.	Revision
All	Corrected acronym usage, hyperlinks, and format.	Revision

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CHAPTER 11

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

1101 GENERAL

110101. Purpose

This chapter prescribes the accounting standards and related management requirements necessary to establish and maintain financial control over disbursement, collection, and adjustment transactions affecting the fund balances with the [United States](#) Department of the Treasury ([Treasury](#)) and cash resources [that are](#) not part of the fund balance with Treasury. This chapter also prescribes the requirements for researching and correcting unmatched disbursements (UMDs), negative unliquidated obligations (NULOs), and in-transit disbursements.

*110102. [Authoritative Guidance](#)

[Internal control requirements](#) are specified in the Office of Management and Budget ([OMB Circular A-123](#), Appendix A. Requirements for reconciling fund balances with Treasury are specified in the Treasury Financial Management Manual (TFM) Volume 1, Part 2, [Chapter 5100](#). Additional detail-level instructions for reconciliation are available on the Treasury, Bureau of the Fiscal Service, [Fund Balance with Treasury](#) web page.

1102 DEFINITIONS

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

A. [Chargeable Account](#). The appropriation ([Department Regular Code, Period of Availability, and Appropriation Main Account](#)) contained in the line of accounting cited on the obligation document that is the basis for a particular payment.

B. [Closed/Canceled Account](#). An appropriation that has been closed in accordance with Title 31, United States Code, sections [1551](#) through [1557](#). (31 U.S.C. §§ 1551 – 1557). This term also includes an appropriation that otherwise would have been closed by §§ 1551 – 1557, but has not been closed by Treasury because the appropriation has a negative balance. When balances are canceled, the amounts are not available for obligation or expenditure for any purpose.

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

D. Disbursement. The term “disbursement” is defined in the Glossary and disbursement policy is prescribed in Volume 5. For purposes of matching a disbursement to its proper obligation, the term disbursement as used in this chapter refers to the amount charged to a separate line of accounting. While a single payment may be charged to multiple lines of accounting, each amount charged to a separate line of accounting is treated as a separate disbursement and must be matched to its corresponding obligation. Requirements in this chapter are intended to ensure that a disbursement is matched to its applicable corresponding obligation in a timely manner.

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

F. Expired Account or Appropriation. An appropriation or fund account in which the balance is no longer available for incurring new obligations, but is still available for recording, adjusting, and liquidating valid obligations. The account remains available for such purposes for five years after expiration.

G. 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.

H. Funding Account. The appropriation (Department Regular Code, Period of Availability, and Appropriation Main Account) contained in the line of accounting cited on the obligation document provided to fund a disbursement that otherwise would have been chargeable to a closed/canceled appropriation.

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

J. Negative in-transit Disbursements. The exact opposite of in-transit disbursements. The accounting office has processed disbursements for recordation against the applicable corresponding obligation but the disbursing office has not reported the disbursements, through a paying center, to Treasury and charged against the Department’s fund balances.

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

L. 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.

M. Obligation. For purposes of matching a disbursement to its proper obligation, the term obligation refers to each separate obligation amount identified by a separate line of accounting. While a single order may be funded by multiple lines of accounting, each line of accounting represents a separate obligation amount to which the resulting disbursement must be matched. Obligations are defined as 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 previously have not been recorded, and adjustments for differences between obligations previously recorded and actual payments to liquidate those obligations. The amount of obligations incurred is segregated into undelivered orders – paid, undelivered orders – unpaid, and delivered orders – unpaid. DoD requirements for incurring and recording obligations are prescribed in Chapter 8.

N. Overaged Disbursement (Unmatched, Negative Unliquidated, or In-Transit). A disbursement that is not matched to a corresponding obligation within the timeframes specified in section 1105 or 1114.

O. Prevalidation. A procedure that requires a proposed payment to be identified and matched to its applicable proper supporting obligation that has been recorded in the official accounting system and that the line(s) of accounting cited on the payment match the data recorded in the accounting system. Prevalidation is a control procedure used to prevent overpayments.

P. Undistributed Disbursement. The difference between the amount of disbursements reported by the Treasury finance network and the amount of disbursements recorded by the Department's disbursement and collection activities.

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

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

S. 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.

T. Unobligated Balance. The difference between the total appropriation availability and the total obligations.

1103 MATCHING DISBURSEMENTS TO OBLIGATIONS

A disbursement **must** be matched to its corresponding, detail-level obligation and be recorded as promptly as current systems and business practices permit. The vast majority of obligations and disbursements are matched automatically via the Department's various system interfaces. However, some obligations and disbursements are required to be manually matched, mainly due to non-automated processes or the rejection of transactions by automated systems. When a disbursement is recorded in the accounting system but not matched to an obligation, the disbursement must be recorded as a UMD. When a disbursement is recorded in the accounting system and is matched to an obligation, but the amount of the disbursement exceeds the amount on the recorded obligation, the amount of the disbursement in excess of the applicable obligation must be recorded as a NULO. **After performing due research in accordance with section 1105, obligations must be established and recorded for all UMDs and NULOs no later than September 30 of the year that the cited appropriation is scheduled to be closed regardless of the date that the disbursement was made.**

A. **UMD and NULO Research Requirement.** Research and correction actions must begin as soon as it is apparent that a disbursement transaction has resulted in a UMD or a NULO. The accounting office involved must immediately determine whether the disbursement is a valid charge to the fund holder, and whether a matching obligation transaction is recorded under a different or incorrect document number. If the disbursement is not a valid charge to the fund holder, the accounting office must reject the disbursement in accordance with paragraphs 111404.C.3 or 111405.D.3. If a matching obligation is recorded under an incorrect document number, the fund holder must **immediately** correct **the** document number, thus allowing for the proper matching of the disbursement to its corresponding, detail-level obligation. If an accounting adjustment affects a contract payment, contract reconciliation will be performed in accordance with Volume 10, Chapter 20. Other research requirements are specified in section 1107.

1. All UMDs and NULOs result from the following two basic processes:

a. **Collocated Disbursement.** A "collocated" disbursement is created when the accounting office responsible for recording the disbursement in the accounting system and the disbursing/entitlement office responsible for certifying the disbursement are collocated.

b. **Noncollocated Disbursement.** A noncollocated disbursement is created when the accounting office responsible for recording the disbursement in the accounting system and the disbursing/entitlement office making the disbursement are not collocated.

2. **Timeframes are different for resolving collocated disbursements and noncollocated disbursements (see paragraph 110501).** Research procedures for resolving UMDs and NULOs are delineated in section 1107.

B. Record an Obligation for Unresolved UMDs and NULOs. An appropriation manager and/or fund holder must be immediately notified of applicable UMDs or NULOs. In the event that research efforts fail to result in the correction and elimination of the condition, the appropriation manager or fund holder must be advised of the requirement to establish a matching obligation within the timeframes delineated in [paragraph 110501](#). If the appropriation manager or fund holder fails to record an obligation, the accounting office must record an obligation for unresolved UMDs and NULOs in accordance with paragraphs 110501.A.3 or 110501B.4 as applicable.

C. Establish Obligations for UMDs and NULOs at the Transaction Level. Disbursements must be matched to their corresponding obligation at the detail transaction level. [After performing due research in accordance with section 1105](#), obligations recorded for UMDs and NULOs must be recorded at the detail transaction level as follows:

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

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

1104 OVERAGED UMDs/NULOs

110401. Current and Expired Accounts

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

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

C. 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 must stop immediately, and the DoD Component involved must report a potential [ADA violation](#). The DoD Component also must initiate an investigation of the potential violation in accordance with Volume 14.

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

E. This chapter **must not** be construed as authorizing a delay in (1) the recording of an executed obligation that would result in an overobligation or (2) the requirement to conduct an investigation of a potential ADA violation that results from any action other than the sole requirement to obligate amounts for UMDs and NULOs.

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

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

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

C. If the account is not returned to a positive balance within **six** months of the scheduled date of closure of the appropriation, the DoD Component involved must report a potential ADA violation and initiate an investigation in accordance with Volume 14.

D. Each administrative subdivision of an appropriation carries with it the responsibility for any potential or actual ADA violation that might be incurred. A DoD Component has the right to modify the number or level of administrative subdivisions within an appropriation before the closure of an appropriation. However, once an appropriation closes, no further modification or change may be made in the number or level of administrative subdivisions. Further, the modification of number or level of subdivision does not override the requirements in Volume 6A, Chapter 4, sections 0405 and 0406 regarding the level of reporting on the *Appropriation Status by Fiscal Year Program and Subaccounts (Accounting Report Monthly 1002)* or control requirements in Chapter 10, subparagraph 100314.A.1.

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

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

F. The cumulative amount of payments charged to a currently available appropriation, because the original appropriation(s) that otherwise would have been charged has been closed, may not exceed **one** percent of the total amount appropriated to the currently available appropriation being charged. If it exceeds the **one percent limit**, the office funding the proposed payment (contract) must contact the Military Department Assistant Secretary for Financial Management and Comptroller (**FM&C**) or Defense Agency Comptroller for referral to the **Under Secretary of Defense (Comptroller) (USD(C))** for appropriate disposition.

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

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

I. A potential **ADA** violation must be reported and a preliminary **investigation** initiated if posting an adjustment to a current, expired or closed appropriation would result in either (1) a negative unobligated balance or (2) disbursements that are in excess of the amount appropriated, at either the appropriation level or a portion thereof that has been subdivided. **See Volume 14 for ADA investigations and reporting requirements.**

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

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

110403. Expenditure Controls

The DoD Components must work with **accounting and disbursing offices** to implement effective controls to prevent overexpenditures in accounts that may be in an overobligated position or that have UMD or NULO balances that exceed the unobligated balance in the account. This action is necessary because normal controls for determining expenditure availability are based on the unexpended balance of the obligations.

1105 RESPONSIBILITIES FOR FUNDING OVERAGED UMDs AND NULOs

110501. Accounting Offices

A. When an accounting office has an obligation document that corresponds to a disbursement that has resulted in a UMD or NULO, but the obligation document has not been recorded, or not recorded for, or adjusted to, the proper amount, the accounting office must **perform the following actions within the specified timeframes:**

1. If the dollar amount is \$2,500 or less, immediately record the obligation and notify the fund holder of the action taken.

2. If the dollar amount exceeds \$2,500, immediately provide the fund holder with a copy of the obligating document or disbursing document (in the case of a duplicate or overpayment) and request that the fund holder record an obligation or obligation adjustment, within 10 calendar days of notice.

3. If the fund holder does not record the requested obligation, or obligation adjustment, within 10 calendar days of notice, record the obligation, or obligation adjustment, within the subsequent 10 calendar days. The accounting office must notify the fund holder of any action taken.

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

1. Immediately inform the fund holder of the UMD or NULO and also research the cause of the UMD or NULO. The required supporting documentation should be readily available for collocated disbursements, since the entitlement and accounting functions are collocated. The required supporting documentation may not be readily available for noncollocated disbursements, since the entitlement and accounting functions are not collocated.

2. Conduct research as required in section 1107 and provide the results of the research to the fund holder within 30 days for collocated offices and within 60 days for noncollocated offices. The Director or designee must advise the fund holder of the type, extent, and results of the research performed. Supporting documentation accumulated in the performance of the research must be retained and made available to the fund holder upon request.

3. **If supporting documentation shows that a valid obligation was incurred but not recorded,** request that the fund holder record an obligation within 60 calendar days of notice. **This request must be documented and include the documentation that supports the obligation.** The 60 calendar days should provide the fund holder sufficient time to research commitment and obligation files, evaluate the research documents provided by the accounting

office, and/or request additional funding as required. Upon completion of the fund holder's research, the fund holder must either initiate the obligation input into the accounting system or provide the obligating document to the accounting office for recordation. Therefore, collocated offices have a total of 90 days and noncollocated offices have a total of 120 days to research and resolve a UMD or NULO.

4. If the fund holder does not record the requested obligation or obligation adjustment within 60 calendar days of notice, or does not provide documentation to the accounting office to support the recording of an obligation or obligation adjustment by the accounting office, the accounting office must record an obligation or obligation adjustment [within the subsequent 10 calendar days](#) using the disbursement document as supporting documentation. The [supporting documentation required at the time of disbursement](#) is sufficient to support the recording of a matching obligation. See Volume 10, Chapter 8 [for supporting documentation requirements](#), and Volume 5, Chapter 9 [for payment certification requirements](#).

C. Within five work days of recording an obligation or obligation adjustment in accordance with the provisions of subparagraphs 110501.A – B, the accounting office must provide the fund holder with a record of all obligations or obligation adjustments recorded by the accounting office on its behalf; this record must be documented (systemically or manually) and must identify the input date, amount of the obligation, and the identification of the individual recording the obligation.

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

E. If [the accounting office or fund holder research determines](#) that a charge to the fund holder [is not valid, within five business days](#) the accounting office must (1) reverse the charge made against the fund holder's account and (2) if necessary, transfer accountability for the charge in accordance with contract reconciliation procedures delineated in Volume 10, Chapter 20.

F. When the accounting office records a valid obligation or obligation adjustment that was not previously recorded and that action indicates a potential [ADA](#) violation, the DoD Component must be notified [immediately](#) and the DoD Component must conduct a preliminary [investigation](#) of the potential [ADA](#) violation in accordance with Volume 14, Chapter 3.

G. When there is an indication of a potential duplicate payment or overpayment, the accounting office must [promptly](#) review all applicable payment files. If there is a duplicate payment or overpayment, the accounting office must record a refund receivable and initiate a recovery of funds action. Additionally, the accounting office must record a NULO, as applicable; and advise the fund holder that the NULO requires obligation within the timeframes specified in subparagraph 110501.A.

H. In accordance with Chapter 8, [paragraph 081210](#), disbursement documents that support obligations that have not been recorded previously must be recorded at the obligation-paid stage of accounting with a corresponding decrease in the uncommitted/unobligated balance of the affected allotment.

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

1. Maintain the official accounting records for all corrections to the balances of closed appropriations and funds.

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

a. Submit all corrections to closed appropriations to the applicable centralized accounting center. All corrections to closed appropriations must be transmitted to the applicable accounting center for posting to the accounting center's accounting records and/or approval to post to the accounting office's accounting records. The accounting center's accounting records must support the accounting records of the accounting office responsible for the administrative control of the closed appropriation.

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

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

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

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

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

J. In accounting for closed appropriations, accounting centers must:

1. Maintain the official Treasury records for all corrections to the balances of closed appropriations and funds. [See section 1116 and Volume 1, Chapter 9 for DoD policy on record retention.](#)
2. Ensure that the beginning, expended unpaid balance of each closed appropriation accurately reflects the official Treasury balance of the appropriation on the date of closure.
3. Perform a one-time review of each closed appropriation to ensure that the beginning accounts payable (obligations, unpaid) balance of each closed appropriation accurately reflects the balances on the Standard Form (SF) 133, *Report on Budget Execution and Budgetary Resources*, as of the date of closure.
4. Ensure that an adequate audit trail is maintained for all corrections affecting closed appropriations, including any offsetting associated corrections to current or expired appropriations.

110502. Disbursing Offices

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

1. Transfer positive balances to [Treasury](#) miscellaneous receipt account in accordance with Volume 5, Chapter 8.
2. For negative balances, initiate action for a discontinued research approval as specified in section 1108 or a potential [ADA](#) violation in accordance with Volume 14 as appropriate.

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

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

The Office of the Under Secretary of Defense (Comptroller), [Deputy Comptroller](#), Program/Budget (OUSD(C), P/B) must ensure the following actions are taken when (a) funds in

a particular Defense-wide account are allocated to a number of fund holders (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 a potential ADA violation is submitted to the USD(C), when applicable.

C. An investigation of a potential ADA violation is initiated, when warranted, in accordance with Volume 14.

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

110504. Fund Holders

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

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

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

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

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

E. Initiate a review, immediately, of the circumstances to determine whether an investigation of a potential ADA violation is warranted in accordance with Volume 14 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 obligations incurred;
2. A potential ADA violation may have occurred;
3. A report of violation is warranted in accordance with Volume 14 if the investigation reveals that an ADA violation has occurred; and
4. The cognizant accounting office corrected any error(s) determined to be the cause of the condition upon review or investigation.

F. Develop and implement standard procedures for determining the timeframes and procedures for record retention applicable to detail accounting transaction records for closed appropriations. These procedures must ensure that required balances of each appropriation are accurately maintained while minimizing the cost associated with maintaining large databases or record files of completed transactions for records which no longer are required.

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

1. Research each UMD and NULO to determine whether the disbursement cites a fund citation for which the fund holder is responsible, and if an obligation is, or is not, recorded.
 - a. If the fund holder determines that the disbursement should be charged to another fund holder, the fund holder must inform the accounting office immediately.
 - b. If the disbursement is erroneous or contains an incorrect fund citation, the fund holder must inform the accounting office immediately.
 - c. If an obligation is recorded in the accounting system, but against an incorrect document number, the fund holder must correct the document number within five workdays and immediately advise the accounting office (thus allowing the accounting office to match the obligation transaction and the disbursement transaction).
 - d. If an obligation has not been recorded in the accounting system, the fund holder must take the following steps:

(1). Use such material as may be provided by the accounting office (in accordance with section 1107) or obtained by the fund holder to facilitate the research.

(2). Obtain the required obligating document and record the obligation at the detail document level, thus allowing the accounting office to match the obligation transaction and the disbursement transaction.

(3). Provide a copy of the obligating document to the accounting office if required by the accounting office for supporting documentation.

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

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

1106 PRIORITIES FOR RESEARCHING AND CORRECTING UMDs

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

110601. First Priority

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

110602. Second Priority

The second priority is appropriations or funds in an overexpended or overobligated status, regardless of whether the appropriation is in a current, expired, or closed status. **Also included in this category are** other appropriations, funds or transactions that have caused or are anticipated to cause stop payment orders or create a negative balance condition within the next 60 days.

110603. Third Priority

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

110604. Secondary-Level Priorities

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

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

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

1107 RESEARCH REQUIREMENTS FOR OVERAGED NULOs/UMDs

*110701. General Requirements

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

110702. Contracts

A. Accounting Office Actions

1. Select contract(s) for review based either on a large individual UMD transaction or NULO condition and/or large aggregate total UMD transactions or NULO conditions.

2. Obtain the accounting system transaction history maintained in the accounting office and the payment transaction history from the disbursing office, or the output of obligation and payment differences from an accounting system/payment system comparison program if there are numerous 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 the error condition of each UMD (e.g., wrong appropriation or insufficient funds) to guide further research.

7. For a UMD, make a system inquiry, or request the accounting system closed contract history if there is no contract on the active accounting system records. If the contract is in the closed history file, take action to reopen the contract and record the transaction.

8. Review unmatched transactions for indications of specific error conditions. Such conditions include omitted progress payment recoupments for a contract having progress payments, inappropriate appropriation data configurations, or duplicate submission of payment data.

9. Report corrections made to transactions for accounting system recording, (e.g., changes to the appropriation data configuration) to the disbursing office for correction of its records.

10. Reject those transactions that cannot be corrected back to the disbursing office for correction or recovery (e.g., the wrong accounting office or suspected overpayments). Perform the related required central reporting system actions.

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

B. Disbursing Office Actions

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

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

110703. Reimbursable Order/Military Interdepartmental Purchase Request

For reimbursable orders and MIPRs, the accounting office must:

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

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

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

D. When the ordering office gives intent to do further research to resolve costs billed, allow the ordering office from the date of disbursement up to the timeframes specified in [paragraphs 110301 and 110501](#) to resolve and/or fund (obligate) the order/MIPR.

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

110704. Travel Orders

[For travel orders](#), the accounting office (unless otherwise indicated) must:

A. Determine if a travel payment [that](#) results in a UMD transaction, identifies the traveler or is traceable to a separate travel system record.

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

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

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

110705. Military Standard Requisitioning and Issue Procedures Requisitions

[For MILSTRIP transactions](#), the accounting office must:

A. Review MILSTRIP transactions for discrepancy report and billing adjustment status. Submit billing adjustment requests, when required, in accordance with [the *Defense Logistics Management \(DLM\) 4000.25*, Defense Logistics Management System \(DLMS\) Volume 4](#). Any billing adjustment request must be submitted within [one](#) year of the billing date ([two](#) years for Foreign Military Sales).

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

C. [Accept](#) the Military Standard Billing System transaction if a billing adjustment has not been requested and the time period has expired in accordance with the [DLM 4000.25, DLMS Volume 4, Chapters 3 and 4](#).

110706. Unidentified Document Numbers

For unidentified document numbers, the accounting office must:

- A. Review the unmatched transaction for a disbursing office number and other data to ascertain the source of the obligation, e.g., the voucher number and code.
- B. Refer the transaction to the disbursing office for verification and the furnishing of supporting documentation if there is a valid disbursing station number.
- C. Refer the transaction to the applicable office or command if there is an indication of the source of the obligation, even though the transaction has no disbursing station number or the disbursing office cannot identify the transaction.
- D. Record the transaction when the disbursing office 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 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 transactions to the funding office that have no matching accounting records but have an indication of an obligation, such as an order number. Include an explanation of the apparent nature and purpose of the expenditure; request research of the circumstances of the unrecorded obligation; and obtain support to show that the payment was not improper.
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.

1108 REQUEST TO DISCONTINUE UMD/NULO RESEARCH

110801. [Research Decision](#)

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

110802. [Minimum Criteria for Discontinuance](#)

[The following conditions describe](#) the minimum criteria [required to request an](#) approval to discontinue research:

- A. There is no indication that an overpayment or a duplicate payment has been made and not fully collected.
- B. For contracts closed by DFAS:
 1. A preclosing payment review has been completed.
 2. [The UMD](#) or NULO conditions [that](#) cannot be resolved will not exceed the contract total if recorded.
- C. [An](#) erroneous document number [that](#) neither the disbursing office [nor the](#) indicated obligating office can furnish information or support the disbursement.
- D. [A](#) travel order [where](#) an unmatched transaction contains insufficient information for research and cannot be traced due to age.
- E. Requests to discontinue further research efforts may be forwarded when the research steps listed in section 1107 cannot be completed because of missing or insufficient documentation, and steps to request or obtain the missing documentation or clarification of the insufficient documentation were taken as specified but have not produced results, and further efforts do not appear to be cost-effective.

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

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

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

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

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

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

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

110803. Reporting Continued Research Efforts

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

1109 CORRECTION/POSTING DISBURSEMENTS – APPROPRIATED FUNDS

110901. General Requirements

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

110902. Correction of Disbursement – Current/Expired Appropriation

This paragraph describes corrections of prior disbursements or posting errors when the correct obligation has been identified and the appropriation that should have been charged is an appropriation that is in a current or expired status.

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

1. If a disbursement exceeds a prior obligation (e.g., created a NULO), an adjustment to the prior obligation is required. Therefore, increase the amount of obligation previously recorded to eliminate the NULO.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. If the recoupment applies to a previous UMD, NULO, or in-transit disbursement for which an obligation or obligation adjustment was established in accordance with [paragraph 110905](#), record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

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

a. If the recoupment applies to a disbursement that either was matched erroneously to the wrong obligation or remained unmatched (prior to the closure of the appropriation), record a memorandum recoupment to offset the disbursement and [record an upward adjustment](#) to increase the unliquidated obligation balance of the closed appropriation.

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

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

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

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

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

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

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

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

2. If the adjustment exceeds either the unexpended balance or the unobligated balance of the funding appropriation, or any administrative subdivision thereof, report a potential ADA violation and initiate a preliminary investigation in accordance with Volume 14.

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

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

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

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

2. If the adjustment would exceed the unexpended balance or the unobligated balance of the closed appropriation, or any administrative subdivision thereof, report a potential ADA violation and initiate a preliminary investigation in accordance with Volume 14.

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

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

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

b. If the recoupment applies to a previous UMD, NULO, or in-transit disbursement for which an obligation or obligation adjustment was established in accordance with [paragraph 110905](#), record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

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

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

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

110905. Posting [Requirements](#) – Unidentified Obligation

[This paragraph describes the posting requirements](#) when the correct obligation has not been identified within the [specified timeframes](#) ([paragraphs 110301, 110501, 111401.B, 111404, and 111405](#)). As stated in section 1104, obligations are to be established/adjusted, and/or unobligated balances reduced, as appropriate, for disbursements that have not been matched to the correct obligation.

A. Transactions in Closed Accounts

1. Unmatched Disbursements

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

(1) If the summary method is used, the summary memorandum unobligated balance adjustments must be 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. Increase the unliquidated obligation balance of the closed appropriation by memorandum entry.

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

2. Negative Unliquidated Obligations

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

(1) If the summary method is used, the summary memorandum unobligated balance adjustments must be 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. Increase the unliquidated obligation balance of the closed appropriation by memorandum entry.

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

3. In-Transit Disbursements

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

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

B. Transactions in Current and Expired Accounts

1. Unmatched Disbursements

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

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

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

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

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

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 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 an obligation adjustment in the accounting records.

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

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

3. In-Transit Disbursements

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

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

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

110906. Posting Requirements – Discontinued Research Approved

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

A. Approval Before the Expiration of the Specified Timeframes. If approval to discontinue further research occurs before the expiration of the timeframes specified in paragraphs 110301, 110501, 111401.B, 111404, and 111405; and amounts have not been obligated in accordance with the provisions of those paragraphs; obligations must be established in accordance with the provisions of those paragraphs for valid obligations incurred during the period of availability.

B. Approval After the Expiration of the Specified Timeframes. If approval to discontinue further research occurs after the expiration of the timeframes specified in paragraphs 110301, 110501, 111401.B, 111404, and 111405; and amounts have been obligated in accordance with the provisions of those paragraphs, no further obligation action is required.

1110 CORRECTION/POSTING DISBURSEMENTS – WORKING CAPITAL FUNDS

111001. General Requirements

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

111002. Posting Requirements – Identified Obligation

This paragraph describes corrections of prior disbursements or posting errors when the correct obligation has been identified.

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

1. Budgetary Account Adjustments

a. If a disbursement exceeds a prior obligation (i.e., created a NULO), an adjustment to the prior obligation is required. Therefore, increase the obligation previously recorded.

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

2. Proprietary Account Adjustments

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

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

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

d. If the provisions of subparagraphs 111002.A.2.a – c are not applicable, charge the “extraordinary loss” proprietary account in an amount that is equal to the amount of the obligation or obligation adjustment provided for in subparagraphs 111002.A.1.a or b, as applicable. This extraordinary loss 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 is made, irrespective of when the disbursement occurred.

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

1. Budget Account Adjustments

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

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

2. Proprietary Account Adjustments

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

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

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

d. If the provisions of subparagraphs 111002.B.2.a – c are not applicable, record an “extraordinary gain” in the proprietary account in an amount that is equal to the amount of the obligation/obligation adjustment provided for in subparagraphs 111002.B.1.a or b, as applicable. This extraordinary gain 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, irrespective of when the disbursement occurred.

111003. Posting Requirements – Unidentified Obligation

This paragraph describes posting requirements when the correct obligation has not been identified within the timeframes specified in paragraphs 110301, 110501, 111401.B, 111404, and 111405. Obligations or adjustments to obligations, as well as expenses, are to be established for disbursements that have not been matched to the correct obligation. These obligations or obligation adjustments and expenses are to be processed and recorded consistent with the requirements provided for in subparagraphs 111003.A.1 – 3.

A. Budget Account Adjustment1. Unmatched Disbursements

a. UMDs must be obligated and expensed against the WCF activity where the UMD resides. (If a UMD has not been identified to a specific activity, it must be so assigned.)

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

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

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

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

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, irrespective of when the disbursement occurred.

2. Negative Unliquidated Obligations

a. NULOs must be obligated and expensed against the WCF activity where the NULOs reside.

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

(1) If 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 an obligation adjustment in the accounting records.

c. If, upon recording the obligation adjustment, the obligated balance exceeds the budgetary resources available at the level of [ADA](#) violation responsibility, report a potential [ADA](#) violation and initiate a preliminary investigation [in accordance with Volume 14](#).

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, irrespective of when the disbursement occurred.

3. In-Transit Disbursements

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

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

c. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available at the level of [ADA](#) violation responsibility, report a potential [ADA](#) violation and initiate a preliminary investigation [in accordance with Volume 14](#).

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

B. Proprietary Account Adjustments. Record an extraordinary gain in the proprietary account in an amount that is equal to the amount of the obligation or obligation adjustment provided for in subparagraphs 111003.A.1 – 3, as applicable. This extraordinary gain 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 – 3, irrespective of when the disbursement occurred.

C. Continue Research Efforts. The requirement to obligate and expense UMD, NULOs, and in-transit disbursements that remain unmatched at the end of the timeframes specified in [paragraphs](#) 110301, 110501, 111401.B, 111404 and 111405 may not eliminate the need to complete the research and post the disbursement to the correct obligation. If continued research is required of the fund holder, then research efforts must be continued until approval to discontinue research is obtained in accordance with the [requirements](#) in section 1108.

111004. Posting [Requirements](#) – Discontinued Research Approved

This [paragraph describes](#) posting [requirements](#) when required research is unsuccessful and discontinuance of further research is approved. The [requirements](#) addressed in paragraphs 111004.A and B must be applied when the actions in section 1107 have been completed and a request to discontinue further research has been submitted and approved in accordance with section 1108.

A. Approval Before the Expiration of the [Specified](#) Timeframes. If approval to discontinue further research occurs before the expiration of the timeframes specified in [paragraphs](#) 110301, 110501, 111401.B, 111404, and 111405 and amounts have not been obligated and expensed in accordance with the provisions of [those paragraphs](#), obligations and expenses must be established in accordance with the provisions of [those paragraphs](#).

B. Approval After the Expiration of the [Specified](#) Timeframes. If approval to discontinue further research occurs after the expiration of the timeframes specified in [paragraphs](#) 110301, 110501, 111401.B., 111404, and 111405, and amounts have been obligated and expensed in accordance with the provisions of [those paragraphs](#), no further obligation or expense action is required.

1111 CORRECTION/POSTING DISBURSEMENTS – FOREIGN MILITARY SALES TRUST FUND

111101. General [Requirements](#)

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

111102. Special Notification Requirements

A. If the accounting office has not been able to resolve the transactions within the timeframes specified in paragraphs 110301 and 110501 after discovery of the UMD or NULO condition, the transactions must be forwarded to the fund holder for resolution. For FMS, both the Defense Security Cooperation Agency (DSCA) and the fund holder must be involved in the resolution. Notify the fund holder that he or she must fund the transaction if the transaction is not properly matched within the specified timeframes. If required, prepare a draft case modification for DSCA countersignature.

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

111103. Posting Requirements – Identified Obligation

This paragraph describes corrections of prior disbursements or posting errors when the correct obligation has been identified.

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

1. If a disbursement exceeds a prior obligation (i.e., 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, correction action must be taken in order to record the obligation or obligation adjustment to match the disbursement.

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

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

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

2. If the recoupment applies to a previous UMD, NULO, or in-transit disbursement for which an obligation or obligation adjustment was established in accordance with paragraph 111104, record the recoupment as an offset to the obligation or obligation adjustment and reverse the obligation or obligation adjustment.

111104. Posting Requirements – Unidentified Obligation

This paragraph describes posting requirements when the correct obligation has not been identified within the timeframes specified in paragraphs 110301, 110501, 111401.B, 111404, and 111405. Obligations or obligation adjustments must be established for disbursements that have not been matched to the correct obligation and processed and recorded consistent with the procedures provided for in subparagraphs 111104.A – D.

A. Unmatched Disbursements

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

2. Charge the FMS case or FMS surcharge account in which the 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 substantiated by detail transaction listings of each UMD making up the summary amount.

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

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

B. Negative Unliquidated Obligations

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

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

a. If the summary obligation method is used, the summary obligation amounts must be 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 an obligation adjustment in the accounting records.

3. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of [ADA](#) violation responsibility, report a potential [ADA](#) violation and initiate a preliminary [investigation in accordance with Volume 14](#).

C. In-Transit Disbursements

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

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

3. If, upon recording the obligation, the obligated balance exceeds the budgetary resources available, at the level of [ADA](#) violation responsibility, report a potential [ADA](#) violation and initiate a preliminary [investigation in accordance with Volume 14](#).

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

111105. Posting [Requirements](#) – Discontinued Research Approved

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

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

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

1112 CORRECTIONS OF DISBURSEMENTS – MULTIPLE FUND TYPES

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

1113 CORRECTIONS REQUIRING NEW DISBURSEMENTS OR COLLECTIONS

111301. General Requirements

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

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

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

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

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

111303. Closed Appropriation

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

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

1. Record and report the charge as a new obligation and a disbursement in a currently available appropriation that is available for the same purpose as the closed appropriation. If the obligation causes the cumulative one percent limit (identified in [subparagraph 110402.F](#)) to be exceeded, no disbursement can be made. The office funding the proposed payment (contract) must contact the cognizant Military Department Assistant Secretary ([FM&C](#)) or the Defense Agency Comptroller for referral to OUSD(C) for appropriate disposition.

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

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

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

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

4. If the disbursement is made, a potential [ADA](#) violation must be reported and a preliminary [investigation](#) initiated if the adjustments required by subparagraphs 111303.A.2.a or b (a) would not exceed the unexpended balance or the unobligated balance at the appropriation level, but (b) would exceed the unexpended balance or the unobligated balance of an administrative subdivision of the appropriation that has [ADA](#) violation responsibility.

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

1. Deposit the collection to the [Treasury](#) miscellaneous receipt account.

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

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

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

1114 PROCESSING IN-TRANSIT DISBURSEMENTS

111401. General Requirements

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

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

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

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

1. In-transit disbursements must be processed and resolved in accordance with paragraphs 111404 – 111406.
2. Obligations must be established and recorded for all unresolved in-transit disbursement transactions no later than September 30 of the year that the cited appropriation is scheduled to be closed, regardless of the age of the transaction.
3. In-transit disbursement transactions that cite closed accounts must be processed in accordance with paragraphs 111404 – 111406. However, obligations for all such in-transit disbursements must be established and recorded no later than September 30 each year (notwithstanding the applicability of the requirements in subparagraph 111401.B.1).

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

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

1. Transactions originating outside the DoD.
2. Transactions amounting to \$2,500 or less. However, all transactions related to travel advances and settlements, pay entitlements, and FMS must be rejected in accordance with paragraphs 111404 and 111405.
3. Suspected fraudulent transactions must be reported immediately to the Defense Criminal Investigative Service.

111402. Reasons In-Transits Occur

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

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

C. Once the applicable accounting office has received, and has sufficient information to allow it to attempt to match the disbursement with an existing obligation in its database, the disbursement is no longer considered to be an in-transit disbursement. Rather, the disbursement is treated as a matched disbursement, a UMD (when an obligation record is not found), or a NULO (when an obligation record exists but the disbursement amount exceeds the amount of the recorded obligation). When UMDs and NULOs result, manual intervention must be taken to research, obligate, and record the disbursement in accordance with sections 1104 through 1107.

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

1. Within-center Disbursement. A within-center in-transit disbursement is created when a disbursing office makes a payment for an accounting office that reports to the same DFAS Center as the disbursing office, but the accounting office and the disbursing office do not share the same database.

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

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

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

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

3. Paying Center. A paying center is responsible for consolidating disbursements and collections transmitted by DOs that report to the center, and for reporting the DOs' returns by assigned DSSNs to Treasury. For within-center disbursements, the paying center also is the accounting center and maintains the status of funds for the appropriations cited on the disbursement transactions.

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

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

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

111403. Required Documentation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

111404. Processing and Obligating Within-Center

Generally, a within-center in-transit disbursement transaction involves: (1) a disbursing office or entitlement activity, (2) an accounting center, and (3) an accounting office. Accounting centers monitor disbursement activity transmitted by disbursing offices and recorded by applicable accounting offices. Disbursing offices or entitlement activities and accounting offices may communicate with and transmit data and supporting documentation (or supplemental information for electronic transmittals) directly to each other to minimize in-transit disbursement processing time. When other research means have been exhausted and additional documentation is requested by an accounting center or accounting office, the disbursing office or entitlement activity **must** transmit the requested documentation directly to the requesting activity to shorten resolution and processing time.

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

1. Suspend Disbursements. A disbursing office or entitlement activity must suspend processing a transaction submitted for payment pending receipt of sufficient supporting documentation, to include evidence of a preexisting obligation against the designated funds, and an authorized acceptance of the material or services received. The disbursing office or entitlement activity must follow [requirements](#) for prevalidation of the proposed disbursement to verify that an existing obligation is recorded for the designated funds.

2. Transmit Disbursements. A disbursing office or entitlement activity must process and transmit disbursement transactions on a weekly basis and on a daily basis where feasible. [Transmission must](#) include sufficient supporting documentation (hardcopy or electronic) to its accounting center (or accounting office). When the disbursing office or entitlement activity transmits the disbursement to its accounting center (or accounting office), the disbursement is in an in-transit status.

3. Process Requests. Within 30 days of a request from an accounting center or accounting office for additional supporting documentation, a disbursing office or entitlement activity must provide the requested documentation to the requesting activity. Generally, requests for additional supporting documentation are intended to enable the proper matching of obligations and disbursements and should be limited to the requirements delineated in [subparagraph 111403.B](#). Disbursing offices or entitlement activities and accounting offices [must](#) communicate directly with and transmit data and supporting documentation directly to each other to minimize in-transit processing time.

4. Research and Resolve Rejects. A reject occurs when a transaction is returned to a disbursing office or entitlement activity for additional information.

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

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

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

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

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

1. Process Transactions. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement, the applicable accounting office must review the transaction to ensure that there is sufficient information to determine its accountability for the transaction and take action in accordance with subparagraphs 111404.C.1.a – c.

a. If an accounting office cannot establish its accountability for the disbursement, the disbursement must be rejected back to the accounting center in accordance with subparagraph 111404.C.3.

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

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

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

c. If the accounting office determines that there is not sufficient supporting documentation to allow the disbursement to be matched to an obligation, the accounting office must request supporting documentation in accordance with subparagraph 111404.C.2.

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

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

b. If supporting documentation is not received within 30 days of request, the accounting office must reject the in-transit disbursement in accordance with subparagraph 111404.C.3. However, transactions \$2,500 or less must be recorded as a UMD (as required by paragraph 111401.D) and researched in accordance with [paragraph 110501](#).

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

111405. Processing Cross-Disbursed In-transit Disbursements

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

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

1. Suspend Disbursements. A disbursing office or entitlement activity may suspend processing a transaction submitted for payment pending receipt of sufficient supporting documentation, to include evidence of a preexisting obligation against the designated funds, and an authorized acceptance of the material or services received. The disbursing office or entitlement activity must follow [requirements](#) for prevalidation of the proposed disbursement to verify that an existing obligation is recorded for the designated funds.

2. Transmit Disbursements. A disbursing office or entitlement activity must process and transmit disbursement transactions on a weekly basis and on a daily basis where feasible. The transmission must include sufficient supporting documentation (hardcopy or electronic), to its paying center. When the disbursing office or entitlement activity transmits the disbursement to its paying center, the disbursement transaction is in an in-transit status.

3. Process Requests. Within 30 days of a request from an accounting center or accounting office for additional supporting documentation, a disbursing office or entitlement activity must provide the requested documentation to the requesting activity. Generally, requests for additional supporting documentation are intended to enable the proper matching of obligations and disbursements and should be limited to the requirements delineated in subparagraph 111403.B. Disbursing offices or entitlement activities and accounting offices must communicate directly with and transmit data and supporting documentation directly to each other to minimize in-transit processing time.

B. Paying Center. In the performance of its duties as it pertains to processing cross-disbursed in-transit disbursements, a paying center may transmit disbursements to an accounting center or request documentation from a disbursing office or entitlement activity.

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

2. Request Documentation. Within 30 days of disbursement, a paying center must ensure that supporting documentation has been transmitted by the disbursing office or entitlement activity to either the paying center or directly to the accounting office, as applicable. If the paying center determines that there is not sufficient documentation, the paying center immediately must request that the disbursing office or entitlement activity submit the supporting documentation within 30 days.

C. Accounting Center. In the performance of its duties as it pertains to processing cross-disbursed in-transit disbursements, an accounting center may transmit disbursements to an accounting office or request documentation from a disbursing office or entitlement activity.

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

2. Request Documentation. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement transaction from a paying center, an accounting center must review the transaction to ensure that there is sufficient information to identify the accounting office. If the accounting center determines that there is not sufficient information, the accounting center must immediately request that the applicable disbursing office or entitlement activity research the disbursement transaction and provide the requested documentation to the accounting center or accounting office within 30 days of the request.

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

1. Process Transactions. Within 30 days of receipt (electronic or otherwise) of an in-transit disbursement transaction, an accounting office must review the transaction to ensure that there is sufficient information for the applicable accounting office to determine its accountability for the disbursement transaction and take action in accordance with subparagraphs 111405.D.1.a – c.

a. If an accounting office cannot establish its accountability for the disbursement, the in-transit disbursement must immediately be rejected back to the accounting center in accordance with subparagraph 111405.D.3.

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

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

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

c. If the accounting office determines that there is not sufficient supporting documentation to allow the disbursement to be matched to an obligation, the accounting office must request supporting documentation in accordance with subparagraph 111405.D.2.

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

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

b. If supporting documentation is not received within 30 days of request, the accounting office must reject the in-transit disbursement in accordance with subparagraph 111405.D.3. However, transactions \$2,500 or less must be recorded as a UMD (as required by subparagraph 111401.D) and researched in accordance with [paragraph 110501](#).

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

111406. Additional Responsibilities for Resolving In-transit Disbursements

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

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

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

2. If a disbursement is matched to a specific obligation, appropriation, funds holder or DoD Component; the accounting office, paying center, accounting center, disbursing office, or entitlement activity involved must work with the applicable office, center, funds holder and/or DoD Component to transfer the charge to the appropriate funds holder, appropriation manager or DoD Component (notwithstanding the actions required by subparagraph 111406.B.1). Any resulting UMD or NULO must be researched and obligated in accordance with sections 1103 through 1107.

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

1115 REPORTING REQUIREMENTS

111501. Data Collection Requirements

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

111502. Monthly Reporting Requirements

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

1116 RECORD RETENTION

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