



Validation Process



Goals

- To increase DoD Component's ability to use available appropriations before they expire and ensure remaining open obligations are valid and liquidated before the cancellation of the appropriation.
- Rigorously review commitments and obligations of appropriations prior to their expiration.
- Successfully complete the TAR with collaboration, integration, and synchronization of the Funds Holder, Accounting, Program Management, Contracting Officers, and Acquisition/Logistics functions during each TAR process.



Why?

- Timely recording and reviewing of transactions.
 - TAR is the key process to prevent the above finding.
- The auditors will continue to test the effectiveness of the TAR and pull a sample of aged valid transactions from completed TARs.
 - The sample will be transmitted to the Fund Holders with a request to provide supporting documentation to substantiate the validity of the unliquidated obligations.
 - We expect this to occur following MRIs TAR confirmations.



Key Review Requirements

- Review Dormant Commitments and Unliquidated Obligations (ULO)
- Review Accounts Payable transactions
- Review Accounts Receivable transactions
- Review Miscellaneous Transactions
- Review Problem Disbursements



Key Review Requirements

- Review of Overseas Contingency Operations Costs
- Review of Interagency Agreements with non-DoD Entities
- Review of Reimbursable Funding
- Contracts completed for 12 months or more with remaining funds less than \$1000 can be deobligated based on a written consent from the Contracting Officer
- Fund Holder documented Due Diligence required



Tri Annual Review (TAR)



Key Review Requirements

- Three Confirmation statements due within 14 working days following the TAR reporting periods ending January 31, May 31 and September 30.
- Trimester 3 TAR conducted in September includes all records.
 - Increase ability to use available appropriations before they expire.
 - Ensure remaining open obligations are valid and liquidated before the cancellation of the appropriation.
 - Close the FY with accurate information.
 - FY Beginning balances are reliable and accurate.
 - Fewer records subject to audit reviews.



Tri Annual Review (TAR)

- Report A –Dormant Transactions
 - Contracts that have been dormant in the accounting system for more than 120 days.
 - All other type documents that have been dormant between 90 and 179 days
- Report B –Deobligation Transactions
 - Contains all outstanding supply requisitions, travel orders, and miscellaneous documents that are older than 180 days



Tri Annual Review (TAR)

- Report C –Accounts Receivable
 - Contains all Reimbursable Order Numbers (RON) that have accounts receivable balances and are greater than 120 days old
- Report D –Unmatched Disbursements
 - Contains all outstanding supply requisitions, travel orders, and miscellaneous documents that are older than 180 days



Validation Codes

- Valid (Val)
 - Requirements continue to exist for Material and/or Services that have **NOT** been received.
 - Member did not complete travel

 - Actions Necessary
 - If the transaction is more than **60** days old, ensure item or service is still needed by submitting a follow-up to the last known source of supply/service or requisition.



Validation Codes

- Received (REC)
 - Material and/or Services have been received, but no liquidation has posted
 - Actions Necessary
 - If receipt has been confirmed and no expense has posted to accounting system, obtain the supporting documentation and post a manual expense to SABRS



Validation Codes

- Cancelled (CXL)
 - Either the requirement for the material or service no longer exists, or the document is no longer active in the supply system

 - Actions Necessary
 - Immediately post cancellations to the accounting system upon receipt of cancellation confirmation based on source documentation



Validation Codes

- Cancelled (CXL)
 - System Requisitions (MILSTRIP/IDB). Ensure the cancellation status has been received to confirm
 - Contracts/Delivery Orders. Obtain a copy of the modification to the DD 1449/1155 indicating cancellation
 - Document Type Codes: PO, RC, WR, and MIPR's. Obtain a copy of amendment withdrawing fund authorization or rejection of funding document



Validation Codes

- Error (ERR)
 - The transaction does not belong to the fund manager, appears with erroneous information, liquidation is posted to wrong document number, or appears to be a duplicate
 - Actions Necessary
 - fund manager cannot correct the transaction, present the transactions to the comptroller and provide all available information and supporting documentation



Validation Codes

- **Liquidation (LIQ)**
 - The transaction is complete except that the liquidation has yet to post
 - **Actions Necessary**
 - If 60 days has passed since receipt of goods and services, provide receipt documentation to DFAS via the comptroller to aid their research for the delinquent liquidation



Accounting Deadly Sins



Accounting Deadly Sins

- Abnormal Accounts Payable
- Abnormal Undelivered Orders
- Negative Unliquidated Obligations (NULO)
- Prevalidation errors
- Unmatched Disbursements / Aged Travel Advances
- Interest Penalties
- Spending Errors
- Invalid Transaction recording source



Abnormal Accounts Payable

- Exists when the total amount of liquidations is greater than the total amount of recorded expenses
 - $\text{Liq} > \text{EXP}$
 - Translates into paying for more than you have received
 - Either the liquidation is in error or the business process has failed to record an expense.



Abnormal Undelivered Orders

- Exists when the total amount of expenses is greater than the total amount of recorded obligations
 - $Exp > Obl$
- Translates into receiving more than you ordered
- Verify source documents and confirm they are accurately recorded. Insure all contract modifications are posted



Negative Unliquidated Obligations (NULO)

- Exists when the total amount of liquidations is greater than the total amount of recorded obligations
 - $Liq > Obl$
- Translates into paying for more than you have ordered
- Either the liquidation is in error or the business process has failed to record an obligation



Prevalidation Errors

- Exists when obligation is not found or is insufficient for payment package prior to actual disbursement
 - $Obl < \text{payment package}$
- If payment data is correct increase the obligation (update source document files), identify problem and report to BEA Liaison to contact DFAS
- PIIN, SPIN, CLIN and ACRN mismatches can also cause preval failures



Unmatched Disbursements

- Exists when payment is made that does not find a matching obligation record in SABRS.
 - Payment information NE Active File in SABRS
 - Occurs when payments are not prevalidated
 - DFAS has primary responsibility for UMDs, but the first 31 days for each UMD belongs to the USMC
 - Requests for vouchers and supporting documentation that should contain the obligating document. These are helpful in determining validity of the charge and the proper SDN for obligation



Aged Travel Advances

- Exists when an outstanding advance is 60 days past due from the estimated completion date of the travel.
 - Est Comp Date > 60 days
- Follow-up and get travelers to settle; via email or another certified delivery method
- All other requests to settle should be sent thru command staff to assist in settlement process
- If deemed uncollectable Travel Advance, official statement w/ substantiating notification attempts must be sent to AC/S Liason



Interest Penalties

- Caused by a delay beyond the contract payment terms (normally 30 Days)
 - Usually due to missing receiving reports
 - Can be caused by delayed submission of payment package
 - Preval failures will delay payment and cause interest
- Causes unnecessary increase to the cost of goods and services
- Indicator of problem with internal processes



Spending Error Correction

- Most spending errors are caused by:
 - SABRS Table requires update
 - Source System table/file requires update
- Each error will have an error code associated with it to help user in correction
 - Error codes and explanation are in Table 215
- Do not fix errors by deleting them!!! Fix the problem cited by the error code and let these transactions recycle



Invalid Transaction Recording Source

- Condition – Users Manually key transaction into SABRS that should have processed from a Source Business Feeder System
- Self-Inflicted “rework”
- Causes future problems with other feeder systems for the transaction
 - Manual obligation for contracts that should be SPS don’t feed data properly to SABRS
- Avoid manual keying whenever possible



Questions?