



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC 20330-1000

OFFICE OF THE ASSISTANT SECRETARY

25 MAR 1992

MEMORANDUM FOR ALL MAJCOM/FOA/DRU COMPTROLLERS/CONTRACTING

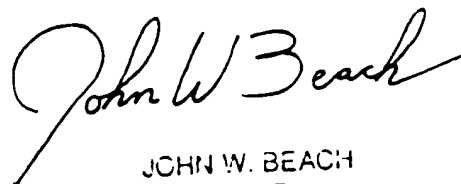
SUBJECT: Revised Guidance for Approval of Upward Obligation Adjustments and Use of Current Appropriations to Fund Payments and Adjustments to Canceled Appropriations - INFORMATION MEMORANDUM

Since the 23 Jul 91 guidance package was issued, a lot of work has been done across the Secretariat, the Air Staff, and with the DoD Comptroller (DOD(C)) personnel to work policy and procedural issues related to implementation of Public Law 101-510. This new guidance package resolves some issues identified to date, with the exception of expired year line item detail, reprogramming procedures, and contract changes to include funding target to ceiling cost growth. Open dialogue with DoD(C) for resolving these issues continues. Air Force issues related to internal controls for reducing cost growth and identifying resources for prior year upward obligation adjustment requirements demand everyones attention, both in the field and at the Air Staff.

Highlights for changes contained in the revised guidance focus on instructions for requesting upward obligation adjustments, more strict application of the contract change rule, and DoD appropriation adjustments to name a few. These changes respond to DoD(C) oversight and interpretation of the revised statute. The current DoD(C) definition for contract change is different from our past contracting practices. Financial management, legal personnel and other disciplines involved in the acquisition process need to be familiar with the DoD definition. DoD(C) has rejected legislative proposals but is considering a change to contract change policy. As a result, we will not include detailed guidance for contract change until DoD(C) renders a decision. Legislative change will not be entertained until a thoroughly justified case is built that establishes the need for changes.

Elimination of the "M" account and tighter rules for financing upward adjustments are having significant impacts on program and financial management. Emphasis must be placed on internal oversight processes to successfully stay within the limits of current rules. These new rules have created changes requiring new solutions, and we appreciate all the work you've been doing to operate under new procedures.

A lot of work remains to be done, especially to document our case for revising rules. At the same time we are continually working with DoD(C) to clarify and resolve policy issues. We'll keep you updated on our progress. If you have any questions concerning this guidance, please contact Gregory P. Kuechler, SAF/FMBMC, DSN 225-4938.



JOHN W. BEACH
Deputy for Budget

1 Atch
Revised Guidance

cc: DoD(C) (MS) (PB)
SAF/FMBI/FMBO/FMBM
SAF/FMP
SAF/GCA
SAF/AQX/AQC
AF/JAC
SAF/LGS
DFAS-Denver Center/P
NGB/FM
AF/REC
AF/CEC
HQ USACE/CERM-ZA
NAVCOMPT/NCB32
SAFM/BUC-E



OFFICE OF THE ASSISTANT SECRETARY

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC 20330-1000

10 JUL 1992

MEMORANDUM FOR ALL MAJCOM/FOA/DRU COMPTROLLERS/CONTRACTING

SUBJECT: Update to the Revised Guidance for Approval of Upward
Obligation Adjustments and Use of Current
Appropriations to Fund Payments and Adjustments to
Canceled Appropriations - INFORMATION MEMORANDUM

Guidance issued by the Comptroller of the Department of Defense (DoD(C)) on 13 June 1991 required all contract changes, including within-scope changes, to be charged to current appropriations. Effective 8 April 1992 with narrative guidance issued 20 April 1992, the policy for funding contract changes reverted to the original policy contained in both the DoD 7220.9-M, Accounting Manual, and AFR 170-8, paragraph 34. Contract changes through 7 April 1992, citing current year funds are not to be retroactively changed. Based on this revision, we have modified our 25 March 1992 guidance accordingly. In addition, DoD(C) issued reprogramming guidance to the services. We incorporated this information as well. Please note that the update is a series of page changes to be substituted for pages in the 25 March 1992 guidance.

We are still talking with DoD(C) and DFAS-DE about line item control levels, accounts receivable determined to be bad debts after complete obligation of budget authority, and defining necessary general ledger entries to clear cycle payments that arrive after accounts close.

We of course welcome any comments you have to help resolve "M"/expired account issues and we're available to assist with any questions regarding this guidance. My focal point is Gregory P. Kuechler, SAF/FMBMC, DSN 225-4938.

Robert F. Swarts
Major General, USAF
Deputy Assistant Secretary (Budget)

1 Atch
Guidance Update

cc: DoD(C) (MS) (PB)
SAF/FMBI/FMBO/FMBM
SAF/FMP
SAF/GCA
SAF/AQX/AQC
AF/JAC
SAF/LGS
DFAS-Denver Center/P
DFAS-Columbus Center/CRC
NGB/FM
AF/REC
AF/CEC
HQ USACE/CERM-ZA
NAVCOMPT/NCB32
SAFM/BUC-E

TABLE OF CONTENTS

1. Foreword (updated, July 92)
2. Changes in Appropriation Life Cycle
3. Contract Changes, Upward Obligation Adjustments, and Sample Conditions (replaced, July 92; adds atch 3)
4. Use of Current, Expired and "M" Appropriations (replaced, July 92)
5. Current Appropriation Controls (updated, July 92)
6. Upward Obligation Adjustment and Contract Change Requests (updated, July 92)
7. Unrecorded Obligations and Payments (updated, July 92)
8. Antideficiency Act Violations
9. Foreign Currency Fluctuation Obligations and Payments (addition, Mar 92)
10. DoD Appropriations (addition, Mar 92)
11. Obligating Upward Adjustments in the Accounting System (addition, Mar 92)
12. Review of Obligated Balances in the Expired Years and "M" Account (addition, Mar 92)
13. Prior Year Obligated Due-Outs (addition, Mar 92)
14. Reprogramming Procedures (replaced, July 92)
15. Levels of Control in Expired Accounts (Reserved for future DoD(C) guidance)
16. Reporting Requirements (replaced, July 92)

Atchs

1. Definition of terms (updated, July 92)
2. "M" Account Cancellation Schedule (renumbered from #3 in previous guidance)
3. Flowchart

**GUIDANCE FOR PROCESSING UPWARD OBLIGATION ADJUSTMENTS
AND USE OF CURRENT APPROPRIATIONS TO FUND PAYMENTS AND
ADJUSTMENTS TO CANCELED AND UNCANCELED APPROPRIATIONS**

1. FOREWORD

The following guidance updates the SAF/FMB Guidance for Approval of Upward Obligation Adjustments and Use of Current Appropriations to Fund Payments and Adjustments to Cancelled Appropriations, dated 23 July 1991, and implements the requirements of Title 31 of the United States Code, Sections 1551-1557, as revised by P.L. 101-510, FY 1991 National Defense Authorization Act, 5 November 1990. Also, the guidance includes implementation instructions contained in OMB Bulletin No. 91-07, dated 17 Jan 1991, Treasury Financial Management Bulletin No. 91-03, dated 7 Feb 1991, Revised DoD Guidance on Accounting for Expired Accounts, Including "M" and Merged Surplus Accounts, dated 13 Jun 1991, DoD Accounting Guidance for Contract Changes dated 20 April 1992, and Reprogramming Guidance dated 20 April 1992. The contract change rules for charging prior year funds for within-scope changes are effective 8 April 1992 (notification date from DoD(C)). Retroactive adjustments are not authorized.

This guidance package will be updated as required to capture current DoD rulings. In most cases, the guidance package updates will precede AFR 172-1, Vol 1, Chap 6, updates. Use this guidance package as the most current FMB direction until related regulation updates to AFR 172-1 are issued. Pertinent definitions are contained in attachment 1.

2. CHANGES IN APPROPRIATION LIFE CYCLE

a. Under P.L. 101-510, appropriations which had not transferred to the "M" accounts as of 5 November 1990 must retain fiscal year identity indefinitely. DoD(C) policy may require the Services to retain fiscal year identity and line item detail. The level of detail will be defined in the next DoD(C) policy instruction. Fiscal year identity is required to meet statutory requirements and line item detail to meet reporting requirements concerning the use of current appropriations. See paragraph eight for related Antideficiency Act violations.

b. Activities will be restricted to "M" account ceilings based on their 1 October obligation balance each fiscal year. Any deobligations reflected as of 30 September will be withdrawn by the U.S. Treasury and obligation ceilings will be adjusted accordingly. As a result, the obligated balances in the "M" accounts cannot exceed the total obligated balances as of 1 October of each new fiscal year until cancellation of the "M" account on 30 Sept 93. The only activity in the remaining uncanceled "M" accounts during the transition period will be liquidation of obligations through payment, deobligations from "M" accounts, or authorized increases due to valid upward obligation adjustments. In no circumstance shall the increase in obligations exceed the 1 October baseline.

c. Obligations which may have been recorded as hedges against future contingencies are not valid and should be rescinded as part of fiscal year end certification procedures. Requirements for recording obligations remain unchanged and are contained in AFR 170-8, Accounting for Obligations.

3. CONTRACT CHANGES, UPWARD OBLIGATION ADJUSTMENTS, AND SAMPLE CONDITIONS

a. Public Law 101-510, (31 U.S.C. 1553) specifies that the type of contract change which may be charged to an expired and "M" account is "a change to a contract under which the contractor is required to perform additional work. Such term does not include adjustments to pay claims or increases under an escalation clause." These latter adjustments are provided for in the contract and do not represent contract changes. Such adjustments are properly chargeable to the account cited on the original contract.

b. Congressional intent is to monitor within-scope contract changes made by government agencies to expired and "M" year contracts. This is performed through the required review process. Under the new law, our within-scope contract changes must be approved by DoD(C) if: (1) change requires additional work by the contractor, AND, (2) may be financed with prior year funds, AND, (3) the funds required for the program, project, or activity (PPA) exceed \$4 million during a fiscal year (cumulative on the PPA throughout the fiscal year). DoD(C) must notify Congress of changes in excess of \$25 million (NOTE: any adjustment made to the PPA after the \$4 million threshold is met will have to be reviewed by DoD(C) including those items under \$100 thousand).

c. To assist in distinguishing those within-scope contract changes that may require DoD(C) review from other upward obligation adjustments, we created a decision tree. Also included in the tree is a category for changes in contract scope. The Decision Tree chart (chart at attachment three) and narrative at paragraph g, h, and i below follow three conditions: (1) upward obligation adjustments, (2) within-scope contract changes that may require reporting to DoD/Congress, and (3) changes in contract scope.

d. The three sample conditions (and related situations) and the decision tree are only tools for analyzing contract changes and other prior year obligation adjustments. Keep in mind that the types of transactions listed below are not all inclusive and only highlight areas common to most AF activities. Your command-unique transactions will have to be evaluated in light on P.L. 101-510, Comptroller General decisions, the bona fide need rule, and this guidance. P.L. 101-510 does not eliminate the role of the Comptroller General; therefore, you should document the relevant Comptroller General decision/s when making determinations and recommendations regarding command-unique processes. Also, use the bona fide need rule to properly evaluate all within-scope and change in contract scope transactions. We will evaluate all contract change/upward obligation adjustment requests in light of the bona fide need rule regardless of the condition identified by the requestor.

e. Some contract changes/upward obligation adjustment requests may contain more than one condition or action. It is up to the initiator of the request to segregate the actions in the request packages to expedite processing. Approval procedures are identified in paragraph six of this guidance.

f. Funding of the transaction is discussed in paragraphs four and five of this guidance with approval procedures discussed in paragraph six.

g. **Condition one: Upward Obligation Adjustments.** These conditions are not considered to fit the contract change criteria in 3a above and do not require DoD or Congressional review. If the funds from the related obligation have been canceled, current year funds must be used. See paragraphs four and five for additional funding guidance. Transactions of the following types will normally fall within this category:

(1) Award and incentive fees

(2) Correction of administrative errors. Includes an obligation properly recorded and then erroneously deobligated by contracting or a designated contracting representative, correcting contracting errors of the procuring contracting officer (PCO) discovered after the contract is signed, and recording of payments made before the appropriation is closed but not recorded by the accountable station until after closure.

(3) Correction of accounting errors. Includes an obligation that was properly recorded and then erroneously deobligated by accounting, where accounting failed to record a valid obligation, establishment or maintenance of erroneous accounts/refund receivables, where funding is required to cover approved accounts/refund receivable write-offs.

(4) Price inflation adjustments included in the original contract clause (economic and escalation price adjustments), labor wage redetermination, and cost sharing per contract clause ratios

(5) Ratification actions. Ratification actions that occur when an obligation is incurred by an unauthorized officer or employee and becomes binding on the Air Force and is ratified under AF FAR Supplement 5301.602-3. Such action can occur when an employee knowingly allows a contractor to perform work outside the specifications of the contract without certification of fund availability and procurement

authorization. Charge the appropriation and fiscal year that would have been charged had the obligation been valid from its inception (AFR 170-8(30), AFR 177-16(46), CG Decision 1983 20-208730).

(6) Foreign currency fluctuation (see paragraph 9 - Foreign Currency Fluctuation Obligations and Payments).

(7) Claims. In most cases, claims (in accordance with the Contract Disputes Act of 1978) should be obligated against the appropriation on the contract. Exceptions and clarification follow:

(a) If a claim is paid from the statutory Judgement Fund as a result of a decision by the Armed Services Board of Contract Appeals (ABSCA) or the United States Claims Court, the Air Force reimbursement to the Judgment Fund must be charged to appropriations current at the time the board or court decision is rendered (AFR 170-8:28).

(b) Under 10 U.S.C. 2863 (added by Public Law 100-180, enacted 4 December 1987) and notwithstanding any other provision of law, meritorious contractor claims that arise under military construction contracts or family housing contracts may be paid from any unobligated funds appropriated and available for military construction or family housing construction projects, as the case may be. Therefore, claims on construction projects, including O&M-funded minor construction projects, no longer need to be funded from the project amounts, and such claims do not affect statutory limits.

(c) In most cases, payment for meritorious claims (in accordance with the Contract Disputes Act of 1978) should be obligated against the appropriation used on the contract. However, each claim must be analyzed on its own merits to determine which funds should be obligated to cover the Government's liability. In every case, consider the application of the bona fide need rule to determine the appropriate fiscal year of funds to charge.

(8) Definitization of undefinitized contractual actions (UCA), such as letter contracts or unpriced orders, after the appropriation expires. The term UCA includes any action entered into when final terms, specifications, or price are not agreed to prior to the start of work performance. Continually update

definitization schedules for all UCAs issued. Extra effort must be exercised to definitize UCAs prior to expiration of funds.

(9) Provisioning Item Orders (PIO) price definitization. Some contracts contain options which allow activities to issue provisioning orders for items such as spares, repair parts, or aerospace ground equipment. Record obligations at the time the SF 30, Amendment of Solicitation/Modification of Contract, is issued to the contractor. Price definitizations requiring additional obligations should be charged to the same appropriation charged on the initial order provided there is no change in the scope of the order.

(10) Contract overruns. Each transaction must be evaluated against the bona fide need rule to determine the proper fiscal year to charge, especially on contracts with multiple modifications spanning several fiscal years. If a contract modification has increased the scope of the contract and work on the additional effort results in an overrun, fund the overrun from appropriations available for obligation at the time of the contract modification which increased the scope of the contract.

(11) Contract closeout costs. Each transaction must be evaluated against the bona fide need rule to determine the proper fiscal year to charge, especially on contracts with multiple modifications spanning several fiscal years. If a contract modification has increased the scope of the contract and closeout costs relating to work on the additional effort must be funded, fund from appropriations available for obligation at the time of the contract modification which increased the scope of the contract.

(12) Incentive contracts funded from target to ceiling. If cost growth from target to ceiling results from compliance with the terms and conditions of the contract, fund with the same appropriation obligated on the contract. Some examples are: negotiation of final overhead rates; scrap and rework; and configuration updates.

(13) Contingency items (within the scope of the contract). Contract provisions may authorize the government to require additional performance involving such areas as facilities, maintenance, repairs and parts, etc. Fund with the same appropriation used for the original obligation when such within scope work is ordered.

h. **Condition two: Within-Scope Contract Changes.** This condition identifies those contract changes that can be charged to expired and "M" accounts and may have to be submitted to DoD(C) and Congress for approval. Within-scope contract changes must use the same fiscal year funds as the related obligation unless the bona fide need rule for the same year cannot be met. If the funds on the related obligation have been canceled and the account is closed, current year funds must be used. See paragraphs four and five for additional funding guidance. Examples of situations that will normally be within-scope contract changes include:

(1) Any contract modification that requires the contractor to perform additional within-scope work

(2) Differing site conditions. Increased costs due to differing site conditions.

(3) Contract defaults resulting in reprocurement contract actions. When a reprocurement action will result in a replacement contract, it may be funded from the same fiscal year funds as the related obligation if all of the following conditions are met:

(a) The Air Force has a continuing bona fide need for the goods or services involved.

(b) The original contract was made in good faith.

(c) The original contract was terminated for default or for the convenience of the Government. If the original contract was terminated for the convenience of the Government, the termination was the result of a:

- Court order

- Determination by a contracting officer that the contract award was improper when there is explicit evidence that the award was erroneous and when the determination is documented with appropriate findings of fact and of law.

- Determination by other competent authority (for example the General Accounting Office or a Board of Contract Appeals), that the contract award was improper.

(d) The replacement contract is:

- Substantially of the same size and scope as the original contract.

- Executed without undue delay after the original contract is terminated.
- Awarded to a different contractor.

(4) Engineering change proposals (ECP), Value Engineering Change Proposals (VECP), solicited or unsolicited, and Contract Change Proposals. Since these proposals may result in changes in contract scope, each situation must be analyzed separately to determine which funds may properly be used to cover the Government's liability.

i. **Condition three: Change in Contract Scope.** Where changes result in an increase in contract scope, the additional work must be funded from appropriations available for current obligation. Such transactions need not be reported to DoD or Congress under P.L. 101-510. See paragraphs four and five for additional funding guidance. Examples of situations which may result in changes in contract scope are listed below. Whether the contract scope has been changed depends on the unique facts and circumstances of each situation, so each must be analyzed separately to make this determination. Situations that fall within this category include:

- (1) Increases in quantities
- (2) Modifications of service contracts that increase deliverable services or reports
- (3) Increase to the number of hours to be worked
- (4) Extended period of performance, especially where extension results from AF initiative and sole purpose of the change is to extend the period of performance.
- (5) Changes to form, fit, or function of end items beyond the scope of the original specifications.
- (6) Engineering change proposals (ECP), Value Engineering Change Proposals (VECP), solicited or unsolicited, and Contract Change Proposals. Note that these situations are also listed as potential within-scope contract changes.

j. **Contract Options - Funding procedures for contract options are not addressed in this guidance package since contract options are financed when exercised and not considered a prior year transaction. Once the funds related to the exercised option expire/cancel, related upward obligation adjustments would fall within the purview of this guidance package.**

4. USE OF CURRENT, EXPIRED AND "M" APPROPRIATIONS

Use of Current Appropriations

a. Use of current appropriations to finance canceled appropriation requirements. Current appropriations must be used to finance payment of obligations and upward obligation adjustments against canceled "M" account years and for payments of uncanceled "M" account obligations when deobligated balances are not available. The Air Force may not use more than one percent of each current appropriation over the appropriation's life for financing canceled obligations and upward obligation adjustments. Details of the one percent limitation are contained in paragraph five of this guidance.

b. Use of current year appropriations to finance changes in contract scope. Current year appropriations must be used for changes in contract scope and will be considered reprogrammings when the source of funds is from a different budget line than the requirement. Use reprogramming procedures described in AFR 172-1 Vol 1, chapter 2. See paragraph 14 for additional reprogramming guidance.

Use of Expired Appropriations

c. Use of expired appropriations to finance upward obligation adjustments. After an appropriation expires, the unobligated balance plus any deobligations may be used to finance valid adjustments until the appropriation closes at the end of the fifth expired year. Current year funds cannot be used for adjustments applicable to expired years. Unobligated balances in the expired years cannot be used to finance "M" account adjustments.

d. Payments related to expired appropriations about to close. Paying stations must be cognizant of accounts bearing closed appropriations. When a request for payment of an obligation is received, the paying office is responsible for ensuring the funds cited are available and are not canceled.

(1) If the funds cited are applicable to a closed appropriation, the paying office must request a new (current) fund citation from the accountable office before disbursement. Payments of obligations against an appropriation which has been closed will be funded with current appropriations made available by the accountable office.

(2) Authorization of a payment against an

appropriation account which has been closed a reportable violation of the Antideficiency Act under AFR 177-16.

(3) Except for appropriations 7040 and 3300, MAJCOM/FOA/DRU comptrollers of the accountable office may approve the use of current funds to make these payments in amounts of \$100,000 or less. Both 7040 and 3300 related transactions of \$100,000 and under must be reviewed with SAF/FMBIC prior to action. Transactions exceeding \$100,000 must be processed according to paragraph six.

Use of "M" Appropriations

e. Valid deobligations which occur in the remaining unclosed "M" years may be used to finance valid upward obligation adjustments applicable to those years. The fiscal year of the "M" account deobligation does not have to match the fiscal year of the adjustment being funded. "M" account deobligated balances on the books as of the end of each fiscal year will be withdrawn and canceled.

f. Utilization of "M" account deobligations within the MAJCOMs is authorized. For example, if a base needs deobligations to cover an upward adjustment, the MAJCOM can decrease limitation of a losing activity to increase the limitation of a gaining activity. Ensure proper controls are in place to prevent exceeding the MAJCOM limitation.

Information on Closed Accounts

g. As of the date of this memo, closed "M" account years are: FY 84 and prior for one-year appropriations, FY 83 and prior for two-year appropriations, FY 82 and prior for three-year appropriations, and FY 80 and prior for five-year appropriations. The remaining "M" account years will close according to the schedule at attachment 2.

Operating Agency Responsibility

h. The operating agency to whom the original funds were issued is responsible for providing sources of current appropriations for payments and upward adjustments which relate to closed appropriations or remaining unclosed "M" year requirements. In the event that the operating agency responsible for the program has changed, such as the establishment of AFSOCOM to manage SOF funding, the operating agency currently responsible for the program must provide current appropriation sources.

5. CURRENT APPROPRIATION CONTROLS

a. Checking the original appropriation. The total of current funds used to fund a canceled appropriation upward adjustment cannot cause the total obligations and expenditures for the canceled appropriation to exceed the amount originally appropriated to the canceled appropriation. This requirement applies to those fiscal years whose obligated balances had not transferred to the "M" account as of 5 November 1990, i.e., appropriations that expired at the end of FY89 and after.

b. The one percent limitation. The use of current appropriations to fund canceled obligations where payment is imminent in the current fiscal year and upward obligation adjustments remaining in uncanceled "M" accounts which has no budget authority available is permitted by P.L. 101-510 and limited to one percent of each current appropriation during that appropriation's life.

(1) The one percent limitation will be footnoted on the Air Force apportionment documents approved by the Office of Management & Budget (OMB). This footnote will not result in the withholding of any funds by OMB, DoD or the Air Force. Withholding funds at the MAJCOM level is not recommended.

(2) Except for appropriations 7040 and 3300, SAF/FMBMC will provide a portion of the one percent limitation to each MAJCOM/FOA/DRU as a ceiling on all current year budget authorization documents. This ceiling applies to uses of \$100,000 or less. Requests for increases to this ceiling should be forwarded to SAF/FMBMC for approval. For 7040 and 3300 instructions see paragraph 5c(1) below.

(3) Limitation related to payments or upward obligation adjustments in excess of \$100,000 approved by SAF/FMBMC will not be issued to the field. FMBMC will charge the limitation held at the headquarters for the approved requests.

(4) It should be noted that while the one percent limitation is a ceiling, funding is not being withheld. When current appropriations are required to fund obligations related to canceled accounts where payment is imminent or for an upward adjustment against an uncanceled "M" account, the requiring office must provide the sources. When funding is unavailable at the MAJCOM/FOA/DRU level, consult with the SAF/FMB appropriation manager.

(5) These ceilings are limitations subject to the Antideficiency Act and violations are reportable under AFR 177-16.

c. Approval authority.

(1) For the Military Construction and Military Family Housing appropriations (3300 and 7040), approval of upward adjustments \$100,000 and below, including contract changes, will be made by SAF/FMBIC. For upward obligation adjustments over \$100,000, follow procedures outlined in paragraph six.

(2) SAF/FMBMC will retain Air Force approval authority for the use of current appropriations to fund: (1) payments against canceled appropriations in excess of \$100,000, (2) all upward obligation adjustments in excess of \$100,000, and (3) contract changes in excess of \$100,000.

(3) MAJCOM/FOA/DRU comptrollers must recommend and designate current appropriation sources when requesting approval. Follow the process identified in paragraph six.

(4) Other than 7040 and 3300 appropriations, use of current year funds to cover canceled account requirements and contract changes less than or equal to \$100,000 are approved by MAJCOM/FOA/DRU comptrollers. Approval may be delegated below MAJCOM level provided such adjustments are clearly identified and periodically reviewed at MAJCOM level. See paragraph 6b. for reporting requirements.

6. UPWARD OBLIGATION ADJUSTMENT AND CONTRACT CHANGE REQUESTS

a. Adjustments, including accounting error correction transactions, and contract changes greater than \$100,000 that involve any individual action or contract must be approved by SAF/FMBMC before the adjustment may be recorded in the accounting records. Obligations may not be the net of upward adjustments against downward adjustments to avoid this approval requirement.

b. MAJCOM/FOA/DRU comptrollers must provide the following information to SAF/FMBMC when requesting adjustment and contract change approval:

I. PROGRAM/PROJECT INFORMATION:

1. Program and/or project name
2. Name of contractor or vendor
3. Contract number
4. Date of original contract
5. Type of contract. If a time & materials contract, please indicate whether the effort is/is not severable.
6. Contract purpose

II. ACCOUNTING INFORMATION:

7. Appropriation
8. Fiscal year of adjustment
9. Budget program account code (BPAC) for procurement funds, budget authorization account number (BAAN) for Military Family Housing and Military Construction funds, and program element (PE) for RDT&E and O&M funds.

III. ADJUSTMENT NARRATIVE DETAIL:

10. Amount of the adjustment
11. Expected obligation/liquidation date for adjustment
12. Amount of additional obligation authority needed, if any
13. Purpose of the adjustment. There may be situations where more than one condition is applicable. Cite all conditions to expedite processing of the request.

Select from the following list of standardized purposes: claim, contract closeout costs, incentive fee, award fee, administrative error, accounting error, cost overrun, price inflation (escalation or economic price adjustment), foreign currency fluctuation costs, target to ceiling, and reprocurement.

14. Justification for using expired funds, deobligations from remaining "M" accounts, or current funds when the appropriation properly chargeable has been canceled. This justification should be complete and explain why an adjustment is properly chargeable to the type of funds requested. Do not merely restate the purpose of the contract. State what events have occurred that require an increase in the amount of funds originally obligated for this effort. When the increase is caused by a design or specification change, state when that change was incorporated into the contract. If the increase is due to an estimating error, explain the basis of the original estimate. For 3600 upward adjustments, provide the period of performance as well as the date of the contractual instrument authorizing the work. For all adjustments, include supporting and convincing arguments for justifying the obligation of expired/"M" year funds.

IV. HISTORIC OBLIGATION INFORMATION:

15. Current amount obligated against this contract.

16. Total amount obligated for the program, project, or activity.

17. Amounts previously deobligated from this contract or other relevant obligating document.

18. Amounts previously deobligated for the program project or activity.

V. SOURCE OF FUNDS:

19. Identify the appropriation to be used for funding the adjustment. If current year funds must be used to support an upward obligation adjustment related to a canceled appropriation, indicate this requirement. If current year funds are identified to support a contract change, indicate this requirement. If expired year funds are used to support an upward adjustment only identify the appropriation to be used. Even though no

other additional information must be supplied, the certifiers of the request must verify that statutory limits are not exceeded by the increase in funding.

20. Source of deobligations, if applicable. State contract number, fiscal year, appropriation and PE, BPAC, MFP, or project for each deobligation which will finance the upward obligation adjustment. Identify the source of the deobligation.

VI. DETERMINATIONS:

21. Determination that this adjustment is/is not a contract change. Applicable definition for contract change is contained in paragraph three of this guidance. Include the name, title and telephone number of the contracting officer making this determination (along with the name of any legal personnel providing advice if desired). Signature required.

22. Determination that this adjustment is/is not within scope of the original contract. Include the name, title and telephone number of the contracting officer making this determination (along with the name of any legal personnel providing advice if desired). Signature required.

23. Determination that this adjustment is a proper charge to the funds identified in 7, 8, & 9 above. Include the name, title and telephone number of the Accounting and Finance Officer making this determination. Signature required.

24. Determination that the adjustment will not exceed the statutory and administrative limits per AFR 177-16 and public law (authorization/appropriation bill limitations) established for the program, project, budget line, or appropriation. Include the name, title and telephone number of the Budget Officer making this determination. Signature required.

VII. MAJCOM/FOA/DRU COMPTROLLER SIGNATURE:

25. Any upward obligation adjustment request (i.e. prior year or contract changes) in excess of \$100,000 must be signed by the MAJCOM/FOA/DRU comptroller before forwarding to SAF/FBMC. We recommend that the packages be prepared at the lowest level (i.e. action officer/FM personnel at base level) with a cover letter from the MAJCOM/FOA/DRU comptroller. Approval authority at the MAJCOM comptroller level may be delegated to the MAJCOM Director of Budget. SAF/FBMC will return to the sender all upward obligation

adjustment and contract change requests where the requesting signature is at a level lower than MAJCOM/FOA/DRU comptroller or delegated FMB.

c. Upward obligation adjustment requests and contract changes less than or equal to \$100,000. Other than 7040 and 3300 appropriations, expired or merged appropriation account upward obligation adjustments and contract changes less than or equal to \$100,000 shall be approved by MAJCOM/FOA/DRU comptrollers. All 7040 and 3300 appropriation requests \$100,000 and below must be reviewed with SAF/FMBIC. Approval may be delegated below MAJCOM level provided such adjustments are clearly identified and periodically reviewed at MAJCOM level. *(Supporting documentation regarding these adjustments must be readily available to support reporting requirements to DoD(C) and Congress. MAJCOMs must be assured that all necessary reviews are conducted at lower levels prior to rendition.)

d. Inquiries for status on requests. Base activities should follow-up with MAJCOM budget offices regarding information on accounts forwarded to SAF for approval. SAF/FMBMC will provide status information in response to MAJCOM/FOA/DRU budget office inquiries. Lower levels should work through the MAJCOM/FOA/DRU for information regarding status. Under no circumstances will SAF/FMB provide information to contractor inquiries. Contractor questions should be directed to the program offices.

e. Recording approved requests in the accounting system. Amounts approved for upward adjustment to expired, "M" year, or canceled appropriations must be obligated and liquidated promptly.

f. Timing of requests for adjustment. Emergency requests will be worked on a case-by-case basis for valid urgent requirements. Requests for upward adjustments should routinely be submitted at least two weeks in advance of the need, to allow time for staffing. At fiscal year-end all requests should be submitted not later than the 10 September. Any request after 10 September should be discussed with FMBMC prior to submission. The time for staffing will increase for adjustments: without funding sources at the MAJCOM level, of accounts under dispute, on accounts that SAF/FMB may request SAF General Counsel review, or on accounts that may have to go to DoD(C) for approval.

7. UNRECORDED OBLIGATIONS AND PAYMENTS

a. Any obligation which was not recorded prior to closure of the appropriation that funded the obligation must be financed with current appropriations and processed as an upward obligation adjustment. An obligation which was properly recorded and then erroneously deobligated by contracting or a designated contracting representative will be treated as a correction of an administrative error (see paragraph 3g(2) for more information about administrative errors). If the obligation erroneously deobligated corresponds to an uncanceled "M" account, funds may be provided from valid deobligations. If the obligation erroneously deobligated corresponds to a closed appropriation, follow guidance outlined in paragraph 4a.

b. Unmatched disbursements for closed accounts. Any payment which occurred prior to the closure of an appropriation but was not recorded in the official accounting and finance records of the accountable station before the date of closure will be treated as an administrative error. Correction of the error condition will not constitute a violation of the Antideficiency Act. This includes "by-other" payment cycles where the payment is made by the paying station in a fiscal year prior to account closure but not received by the accountable station until the next fiscal year when the account is closed. DFAS-DE is currently working detailed instructions. We will amend this guidance when the instructions are released.

c. Accounting error correction transactions. Accounting error transactions shall not be processed against closed accounts (see paragraph 3g(3)) for additional information on accounting errors). Accounting error corrections over \$100,000 must be sent to SAF/FBMC for approval prior to recording the transaction against current year appropriations. Follow procedures outlined in paragraph 6.

3. ANTIDEFICIENCY ACT VIOLATIONS

In accordance with AFR 177-16, the following are reportable violations of the Antideficiency Act:

a. Total obligations, including adjustments to obligations, exceed the original appropriation. This includes any obligation against an appropriation or fund account in excess of the amount available in the original appropriation or fund account. This applies to all appropriation accounts, the obligated balance of which had not transferred to the "M" account as of 5 November 1990. As a result of the new law, fiscal year identity is required for all appropriation accounts indefinitely.

b. New obligations or expenditures in canceled accounts. Included are any obligations or expenditures against an appropriation account canceled pursuant to sections 1552, 1555, 1557 of Title 31 United States Code.

c. Total obligations, or adjustments to obligations, exceed the amount apportioned or allotted. Included is any obligation against any appropriation or fund in excess of the amount apportioned or allotted to the original appropriation or fund account.

d. All aspects of the Antideficiency Act are still applicable to fund limitations. The one percent limitation is a single, cumulative limit. In no case may more than one percent of unexpired funds be used to pay any combination of canceled obligations (Ref OMB Bulletin No. 91-07).

9. FOREIGN CURRENCY FLUCTUATION OBLIGATIONS AND PAYMENTS

a. This paragraph outlines procedures for making a payment from a successor "M", expired, or canceled account when the foreign currency exchange rate is higher/lower than the established budget rate.

b. Per the AFR 170-8, obligations remained at the budget rate until payment occurred or lapsed to the successor "M" account. Obligations should have been adjusted to current rate when the appropriation lapsed into the "M" account. The amounts established in the "M" account should have been periodically adjusted when significant variances in the exchange rate occurred. Upon payment of an obligation still in the "M" account, the full amount recorded will be paid from the "M" account until the "M" account is canceled in full on 30 Sep 93.

(1) If the amount paid from the "M" account is less than the "M" account obligation, the "M" account collects the difference (fallout) between the amount of recorded obligation and the amount paid.

(2) If the amount to be paid exceeds the obligated amount in the "M" account and there have been insufficient deobligations in the current period to cover the increase, the excess over the obligated amount is charged to the current year basic appropriation and applied against the one percent limitation. Do not charge the centrally managed allotment (CMA) for transactions paid from both the "M" account and current appropriations.

(3) If the "M" account obligation has been canceled, the amount due must be paid from a current year appropriation. Payment at the current year budget rate should be charged to the basic current year appropriation. The difference between the budget rate and the rate current when payment is made should be charged or credited to the appropriate foreign currency fluctuation CMA. Apply only the amount charged to the basic appropriation against the one percent limitation.

c. Accounts existing during the five expired years after the period of availability for obligation ends must retain line item detail and fiscal year identity. The appropriation remains available for recording, adjusting and liquidating obligations properly chargeable to that account. Current procedures for the use of the foreign currency fluctuation CMA continue in effect. Once the account cancels, follow procedures as outlined in paragraph d below.

d. When expired accounts cancel, the payments related to the canceled accounts must be paid from current year appropriations. Canceled obligations involving designated foreign currencies will be disbursed by charging the basic appropriation at the current-year budget rate and charging or crediting the CMA for the difference between the budget rate and the current rate. As stated above, only the amount charged to the basic appropriation impacts on the one percent limitation.

e. Any proposed upward obligation adjustment to the foreign currency CMA in excess of \$100,000 must be approved by SAF/FMBMC prior to being recorded in the accounting system. Provide the same information in the request submissions as defined in paragraph six of this guidance package.

10. DOD APPROPRIATIONS

a. Per DoD(C), Services are accountable for ensuring all budget authority (appropriations) executed through the Air Force, including non-expenditure transfers (identified by the government agency appropriation symbol code 97) receive the same scrutiny against Public Law 101-510 requirements as other Service appropriations. The appropriations are provided for Air Force projects and the control of these projects is under the Air Force umbrella.

b. Apply the procedures regarding upward obligation adjustments, including SAF/FBMC review of changes over \$100,000, for the DoD appropriations as specified in this guidance. All financial managers must ensure that the obligations recorded do not exceed the amounts authorized by law. Current 97 funds must be used for valid upward adjustments to the remaining "M" accounts if "M" account funds are unavailable for obligation. Valid upward obligation adjustments related to canceled DoD accounts will also have to be charged to current 97 funds.

11. OBLIGATING UPWARD ADJUSTMENTS IN THE ACCOUNTING SYSTEM

a. There are several checks and balances that must be performed prior to automatically recording the obligation. The first check is to determine whether there is or is not a valid obligation. AFR 170-8 requires that only those transactions which meet specified standards for legitimate obligations are recorded. The standards are further defined in Section B-Obligations-General, paragraph 4 of AFR 170-8. The second check is application of the bona fide need rule. Application of the rule depends largely on the facts and circumstances of the specific case. Applying the rule plays a major role in determining the proper appropriation and fiscal year for the correct fund citation. Selecting the correct fund citation is not and should not be limited to the AFO.

b. Direction for determining the correct fund citation should also come from a variety of sources such as statutes, regulations or headquarters direction. This happens to be the case when there appears to be a lack of funds at the base level to cover an obligation related to expired or "M" year funds. MAJCOMs and higher authorities should review the facts and circumstances of the case to concur with the base level that, in fact, the suggested fund citation is correct, PRIOR TO RECORDING the transaction in the accounting system.

c. DoD Accounting Manual 7220.9-M, Chapter 25 (L), states, all upward obligation adjustments against expired appropriation accounts (including P.L. 101-510 defined contract changes) that exceed \$100,000 shall not be accomplished automatically (to include recording the transaction in the accounting system). These adjustments must be submitted for approval to SAF/FBMC BEFORE recording in the accounting system. In no case may any upward adjustment greater than \$100,000 be placed on the books without approval by SAF/FBMC.

12. REVIEW OF UNLIQUIDATED OBLIGATION (ULO) BALANCES IN THE EXPIRED YEARS AND "M" ACCOUNT

a. Periodic verifications of ULO balances must be accomplished, including a reconciliation of ULO balances to supporting documents, and a review of documents to ensure each obligation conforms to valid criteria. Supporting this requirement, the AFR 170-8 requires that a proper and unliquidated obligation be deobligated when standards for recording are no longer met. More explicitly, changes from Public Law 101-510, year-end certification requirements, and potential impacts on current year financing all direct more thorough attention.

b. Now more than ever, a special effort must be placed on attending to obligations that are unduly outstanding or inactive. Because of the magnitude of the "M" account audit findings from AFAA and DoDIG reviews, we suggest that MAJCOMs put special emphasis on the quarterly review of expired (especially fourth and fifth years) and "M" account balances.

c. To guarantee a thorough review, ensure field activities follow guidance as outlined in AFR 177-102 (10-22 and 11-14c) and AFR 177-120 (2-44) for validity review and update procedures. Ensure files document the follow-up effort and provide a clear audit trail supporting adjustments. Provide support to field activities regarding non-response to follow-up action. Meet promptly with contracting officers if follow-up action to procurement offices does not receive adequate and/or timely attention. Last but not least, place emphasis with field activities to elevate problems in a timely manner.

d. Negative unliquidated obligations should not normally exist except when used as progress payments against contracts or as valid refund receivables.

(1) Progress payments relieve the contractor from complete financing of contracts for large amounts, or which extend over a long period of time. Accounting entries for progress payments consist of posting disbursements and appropriation refunds. Disbursements, net of refunds, always represent the unliquidated balance of the progress payment (reference AFR 177-102 (17-14)).

(2) Refund receivables represent the second type of negative ULO. Refunds are a reduction in expenses and are processed against the appropriation and fiscal year that the expense was recorded. Refund receivables (except for central procurement (CP) contracts) are posted as a reverse accrued expenditures unpaid (AEU) and CP contracts are recorded as a reverse undelivered orders outstanding (UOO); both creating negative

unliquidated obligations (reference AFR 177-101 (21), AFR 177-102 (27)).

(3) Even in these circumstances, negative balances in the progress payment account should not exceed the contract and/or contract line item number (CLIN) balance. When a negative balance does exceed the contract/CLIN balance, or in situations where a negative balance exists outside of valid refund receivables, exception reports should be generated for management review of an abnormal situation.

(4) If the negative unliquidated balance was generated from a by-others cycle related to an erroneous disbursement from another paying station, follow the guidelines established in AFR 177-101, 21-3 and 27-48 for recording reversal entries and correcting the problem with the DLA paying station and/or accountable station.

(5) The AF will not be allowed to close any account which reflects a negative cash balance until either corrections have been made or an offsetting collection is recorded which will cause the cash balance to become positive. If during the negative ULO analysis you determine the negative is a true accounts receivable, establish a refund receivable and cancel the negative ULC. Take assertive action to ensure the receivable is collected promptly. This refund receivable should remain on the books until such time as a collection is received. If the collection is received after the account is closed, the funds should be deposited to receipt account 3200, "Collections of Receivables from Cancelled Accounts".

(6) The Department of Defense is responsible for maintaining records for any open items (obligations or receivables) for as long as they are outstanding, even if the account is closed. The fact that the account is closed does not mean that these items are no longer valid.

(7) Also, give attention to old refund receivable accounts. Uncollected receivables will erode available fund balances required for upward adjustments. Follow collection action in applicable accounting regulations.

(8) When a negative unliquidated obligation in the accounting system is determined invalid, report the release of individual or cumulative negative unliquidated obligations over \$100,000 to SAF/FMBMC. Use the monthly report in paragraph 16 to accomplish this task.

(9) Should the release of a negative unliquidated obligation determined to be invalid cause the appropriation to be in a negative balance, contact the MAJCOM immediately for resolution. The MAJCOM/FOA/DRU must contact SAF/FMBMC upon determining that sufficient funds are unavailable to correct the deficiency.

e. Your emphasis on the ULO validation process will help prevent any DoD audit follow-up findings, free funds for use on valid prior year upward adjustments, and enhance the creditability of Air Force accounting reports.

13. PRIOR YEAR OBLIGATED DUE-OUTS

a. Based on guidance from DFAS-Denver Center, obligated due-outs will be charged to a like year appropriation to comply with legislative requirements to maintain fiscal year identity. The Project Fund Management Record (PFMR) and Organization Cost Center Record (OCCR) records will be modified, effective with a 1 April 1992 Standard Base Supply System (SBSS) release, to identify actual year of obligation for current year plus three prior fiscal years. Obligations charged to the fourth prior fiscal year, also known as the fifth year of obligation, will continue to be identified as "M" year; however, the 1 April 1992 release will produce management notices to assist in identifying fifth year obligations.

b. At the end of the five expired years, fund balances will be canceled and withdrawn by the Treasury. Obligated due-outs will be charged to a like year current appropriation and must not exceed the one percent limitation. These carry over obligations must be considered along with other canceled expenses against the one percent limitation.

14. REPROGRAMMING PROCEDURES

a. The majority of the guidance contained in this paragraph applies to Air Staff processes and are provided for information only.

b. Changes in contract scope. This section defines procedures for use of currently available appropriations to fund changes in contract scope.

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

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

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

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

c. Within-scope contract changes and upward obligation adjustments for canceled accounts. This section will define the procedures for using currently available appropriations to fund upward obligation adjustments and within-scope contract changes for contracts funded by appropriations that have been closed.

1. The appropriation currently available for the same purpose shall be charged. Specific limitations are as follows:

(a) The sum of all such amounts funded from currently available appropriations shall not exceed the lower of (1) one percent of the originally appropriated amount of the current appropriation being charged or (2) the current unexpended balance of the closed account (exception is closed "M" years).

(b) The unexpended balance is the net of:

(1) the sum of the unobligated balance plus the unliquidated obligated balance of the account at the time it was closed, and,

(2) less any and all obligations incurred and payments made subsequent to the cancellation of the original account when such obligations and payments would otherwise have been properly charged to the appropriation had the appropriation not been closed.

2. Normal reprogramming (DD form 1415) procedures and thresholds will not apply when currently available appropriations are used to fund obligations or adjustments to obligations which would otherwise have been funded from a canceled account before it was canceled. Charges shall be reflected in a line item on the Report of Programs, DD form 1416, entitled "Canceled Account Adjustments."

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

(b) If reprogramming thresholds are exceeded for increases or sources to finance these obligations or adjustments to obligations, Column K, of the DD form 1416 should be footnoted to indicate that the threshold amount has been exceeded due to canceled account adjustments.

(c) The Canceled Account Adjustments line item will be a separate line item or program element and added as an entry within a single budget activity.

d. Within-scope contract changes and upward obligation adjustments using expired year funds. This section discusses the procedures for using expired year appropriations to fund within-scope contract changes and upward obligation adjustments. There has been no requirement to submit reprogramming actions for expired accounts, and this policy shall continue. Upward obligation adjustments and within-scope contract changes will be funded in the appropriation which initially financed the contract.

15. LEVEL OF CONTROL IN EXPIRED ACCOUNTS

1. (Reserved for future DoD(C) guidance)

16. MONTHLY AND FISCAL YEAR-END REPORTING REQUIREMENTS FOR TRANSACTIONS UNDER \$100,000

a. For Monthly Reporting Requirements: Report all within scope contract change adjustments \$100,000 and under to SAF/FMBMC not later than the 15th of the month following the month reported. Negative response required. The monthly reports will be consolidated with the SAF/FMBMC data base on within scope contract changes to monitor program, project and activity adjustments as required by P.L. 101-510. The report should be titled "Within Scope Contract Changes Equal to or Less Than \$100,000 for (month and year), OAC XX". The report must contain the following information:

1. Amount of the adjustment financed
2. Reason for adjustment (see paragraph 3 of this guidance for reportable within scope contract changes)
3. Accounting classification (Line item detail for all appropriations except O&M. For O&M, appropriation and fiscal year only.)
4. Funding Source

b. For Fiscal year-End Reporting Requirements: Report approval of upward obligation adjustments and use of current year appropriations for canceled requirements equal to or less than \$100,000 for the entire fiscal year. Submit reports to SAF/FMBMC not later than 15 September each fiscal year-end. Negative reports required. The report should be titled "Fiscal Year-End 19XX Report of Prior Year Account Adjustments (Including Related Current Year Charges) Equal to or Less than \$100,000 for OAC XX. The report must be in the following format:

<u>APPN</u>	<u>FY</u>	<u>Type of Transaction</u>
(1)	(2)	(3)

- NOTES:
1. Appn: Report requires only totals by appropriation
 2. FY: Funding source fiscal year
 3. Type of Transaction: Three possible choices: (1) use of Current Year funds for upward obligation adjustments against canceled accounts where disbursement will occur before expiration of the current year, payments of obligations related to

canceled accounts and upward obligations and payments for uncanceled "M" accounts where insufficient funds exist in the "M" accounts, (2) use of **Expired Year** funds for upward obligation adjustments and within-scope contract changes, and (3) use of **"M" Year** funds for upward obligation adjustments and within-scope contract changes.

DEFINITION OF TERMS

Closed or canceled appropriation. An appropriation which is no longer available for adjustments or payments. Appropriations are closed or canceled at the end of the five year expired period.

Contract Change. A change to a contract which requires the contractor to perform additional work. Contract change does not include adjustments to pay claims, increases under escalation costs or corrections for administrative or accounting errors.

Current or currently available appropriations. An appropriation which is available for new obligations and has not entered expired status. This includes all unexpired appropriations for multi-year accounts.

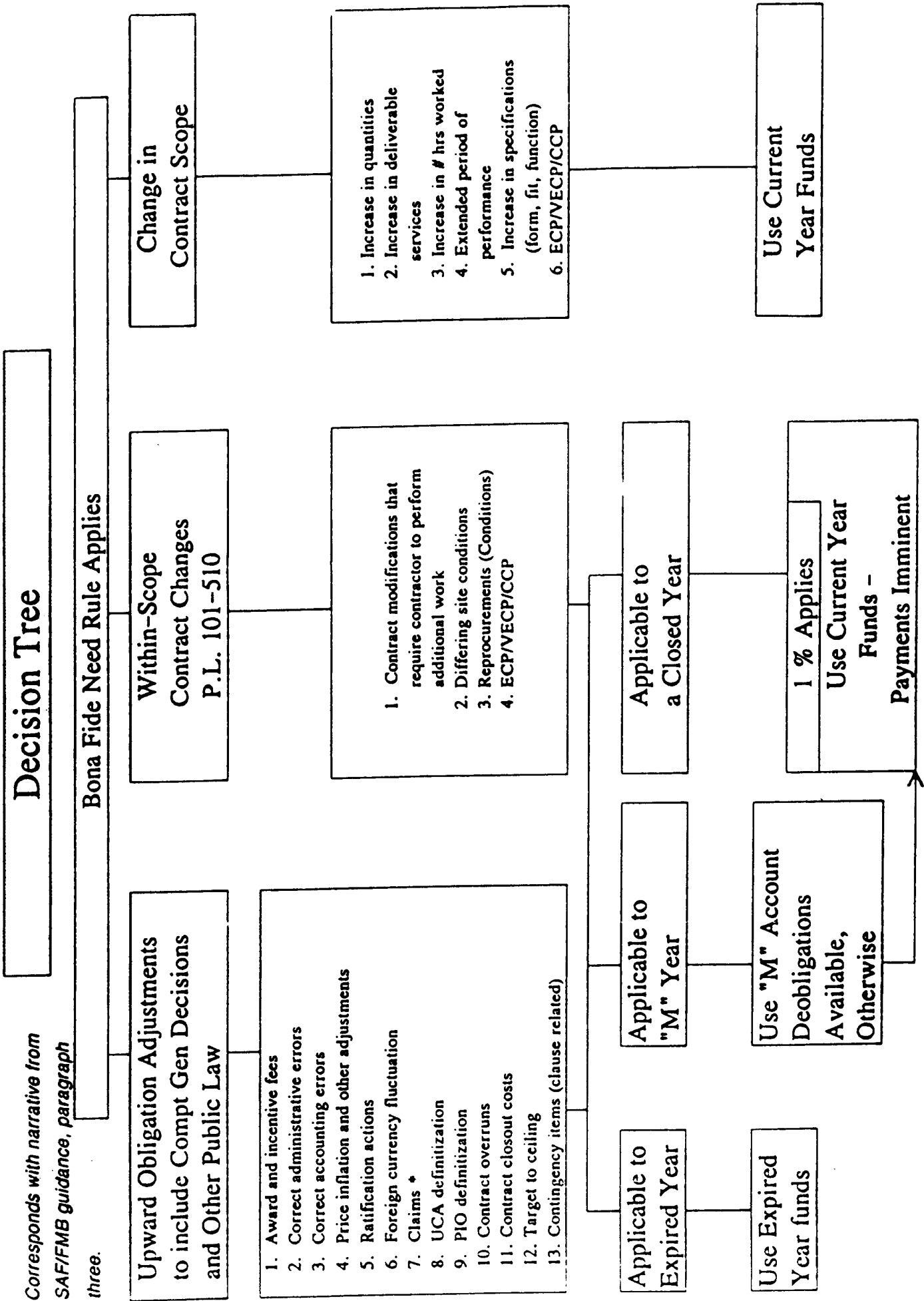
Expired appropriation. An appropriation which is no longer available for new obligations but has not been canceled. The expired period is extended by the new law from two to five years. During the expired period, an appropriation retains fiscal year integrity and is available for adjusting and liquidating obligations, excluding contract changes.

"M" account or years. An appropriation or year corresponding with the following fiscal years (FY): one-year appropriations - FY 88 and prior to FY 85; two-year appropriations - FY 87 and prior to FY 84; three-year appropriations - FY 86 and prior to FY 83; and five-year appropriations - FY 84 and prior to FY 81. Based on P.L. 101-510, no additional funds will transfer to the "M" accounts after 30 Sept 1990 and all funds currently in the "M" account will be eliminated by 30 Sept 1993.

Upward obligation adjustment or upward adjustment. An obligation increase in the originally recorded obligation which occurs after the period of availability for new obligations. These adjustments include claims, award and incentive fees, correction of administrative errors, correction of accounting errors, price inflation adjustments (economic or escalation price adjustments), and foreign currency fluctuation charges to name a few.

Unrecorded obligations. Obligations which have occurred and are documented; however, through oversight were not recorded in the official Air Force accounting and finance records.

1



Corresponds with narrative from SAF/FMB guidance, paragraph three.

* Some situations may require the use of current year funding.